

WORK SESSION AGENDA

***A M E N D E D**

**CITY COUNCIL WORK SESSION
TUESDAY
SEPTEMBER 26, 2017**

**COUNCIL CHAMBERS
211 WEST ASPEN AVENUE
6:00 P.M.**

1. Call to Order

NOTICE OF OPTION TO RECESS INTO EXECUTIVE SESSION

Pursuant to A.R.S. §38-431.02, notice is hereby given to the members of the City Council and to the general public that, at this work session, the City Council may vote to go into executive session, which will not be open to the public, for legal advice and discussion with the City's attorneys for legal advice on any item listed on the following agenda, pursuant to A.R.S. §38-431.03(A)(3).

2. Pledge of Allegiance and Mission Statement

MISSION STATEMENT

The mission of the City of Flagstaff is to protect and enhance the quality of life for all.

3. Roll Call

NOTE: One or more Councilmembers may be in attendance telephonically or by other technological means.

MAYOR EVANS
VICE MAYOR WHELAN
COUNCILMEMBER BAROTZ
COUNCILMEMBER MCCARTHY

COUNCILMEMBER ODEGAARD
COUNCILMEMBER OVERTON
COUNCILMEMBER PUTZOVA

4. Public Participation

Public Participation enables the public to address the council about items that are not on the prepared agenda. Public Participation appears on the agenda twice, at the beginning and at the end of the work session. You may speak at one or the other, but not both. Anyone wishing to comment at the meeting is asked to fill out a speaker card and submit it to the recording clerk. When the item comes up on the agenda, your name will be called. You may address the Council up to three times throughout the meeting, including comments made during Public Participation. Please limit your remarks to three minutes per item to allow everyone to have an opportunity to speak. At the discretion of the Chair, ten or more persons present at the meeting and wishing to speak may appoint a representative who may have no more than fifteen minutes to speak.

5. Preliminary Review of Draft Agenda for the October 3, 2017 City Council Meeting.*

** Public comment on draft agenda items may be taken under "Review of Draft Agenda Items" later in the meeting, at the discretion of the Mayor. Citizens wishing to speak on agenda items not specifically called out by the City Council for discussion under the second Review section may submit a speaker card for their items of interest to the recording clerk.*

6. Presentation by National Association of Railroad Passengers.

7. Discussion of a possible resolution urging the United States Congress to support long-distance train service.*

8. High Occupancy Housing Draft Specific Plan - 60 Day Public Review Period.

9. Discussion related to possibly amending the Procurement Code Manual by setting standards for the types of businesses with which we prefer to conduct business.

10. Discussion related to possibly amending the Investment Policy to further pursue socially responsible investing.

11. Discussion on banking service procurement policy considerations.

12. Public Participation

13. Review of Draft Agenda Items for the October 3, 2017 City Council Meeting.*

** Public comment on draft agenda items will be taken at this time, at the discretion of the Mayor.*

14. Informational Items To/From Mayor, Council, and City Manager; future agenda item requests.

15. Adjournment

CERTIFICATE OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the foregoing notice was duly posted at Flagstaff City Hall on _____, at _____ a.m./p.m. in accordance with the statement filed by the City Council with the City Clerk.

Dated this _____ day of _____, 2017.

Elizabeth A. Burke, MMC, City Clerk

CITY OF FLAGSTAFF STAFF SUMMARY REPORT

To: The Honorable Mayor and Council
From: Elizabeth A. Burke, City Clerk
Date: 09/25/2017
Meeting Date: 09/26/2017



TITLE

Discussion of a possible resolution urging the United States Congress to support long-distance train service.*

STAFF RECOMMENDED ACTION:

Council Direction

EXECUTIVE SUMMARY:

On April 17, 2017, Councilmember McCarthy requested a Future Agenda Item Request (F.A.I.R.) to have a presentation given by a representative of the National Association of Railroad Passengers and discussion of a possible resolution urging the U.S. Congress to support long-distance train service. These items are being presented separately on this agenda. Should a majority of Council wish to move this forward, consideration of the resolution would be added to the October 3, 2017, for possible adoption.

INFORMATION:

Council Goal

TRANSPORTATION AND OTHER PUBLIC INFRASTRUCTURE

Deliver quality community assets and continue to advocate and implement a highly performing multi-modal transportation system.

Regional Plan

Policy T.7.3. Support a public transit system design that encourages frequent and convenient access points, for various transportation modes and providers, such as private bus and shuttle systems, park-and-ride lots for cars and bicycles, and well-placed access to bus, railroad, and airline terminal facilities.

Attachments: Resolution

RESOLUTION 2017- _____

A RESOLUTION OF THE FLAGSTAFF CITY COUNCIL
URGING THE UNITED STATES CONGRESS
TO SUPPORT LONG DISTANCE TRAIN SERVICE

RECITALS:

WHEREAS the City of Flagstaff's mission is to protect and enhance the quality of life for all;

WHEREAS the 2012 voter-approved Flagstaff Regional Plan asserts that environmental health is inherent to individual and community health;

WHEREAS use of Amtrak lowers our carbon footprint because it is 30 percent more fuel efficient than traveling by car and 8 percent more efficient than domestic airline travel on a per-passenger-mile basis;

WHEREAS the 2012 voter-approved Flagstaff Regional Plan calls for strengthening rail service opportunities for the region's businesses and travelers, and calls for promoting Amtrak service;

WHEREAS Amtrak carried 4.6 million passengers in FY 2016;

WHEREAS the number of Amtrak arrivals and boardings in Flagstaff are approximately one third the number at our airport; and

WHEREAS Congress created Amtrak in 1970 and ever since has supported multi-modal transportation including highways, airports, and rail;

ENACTMENTS:

NOW, THEREFORE, BE IT RESOLVED BY THE FLAGSTAFF CITY COUNCIL AS FOLLOWS:

The Flagstaff City Council strongly urges the U.S. Congress to enact legislation that:

- A. Continues Amtrak service to Flagstaff and other cities on the Chicago-to-Los Angeles route; and
- B. Improves connecting routes to other regional cities.

FURTHERMORE, the City Clerk is directed to forward a copy of this resolution to the delegation in the U.S. Congress that represents Flagstaff, within 30 days of enactment.

PASSED AND ADOPTED by the Flagstaff City Council this ____ day of _____, 2017

MAYOR

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To: The Honorable Mayor and Council
From: Sara Dechter, AICP, Comprehensive Planning Manager
Date: 09/14/2017
Meeting Date: 09/26/2017



TITLE:

High Occupancy Housing Draft Specific Plan - 60 Day Public Review Period.

DESIRED OUTCOME:

Staff is requesting input from the City Council on the public review draft of the High Occupancy Housing Specific Plan and related Regional Plan Amendments. Feedback is requested on:

- the proposed goals, policies, and implementation strategies,
- the rationale for their consideration, and
- any options that staff should prepare in advance of the final draft's presentation.

This feedback will be incorporated with other public feedback received during the 60 day public review.

EXECUTIVE SUMMARY:

The City of Flagstaff's Comprehensive Planning Program has been working with members of the public, other City departments and government agencies, and Northern Arizona University for the past year to develop a High Occupancy Housing Plan. The draft of this document has been released and is now available to review at www.flagstaff.az.gov/hohplan. The community has 60 days to review this draft. A hard copy of the draft plan was transmitted to the Planning and Zoning Commission and City Council in early August. Comments are due to the project manager, Sara Dechter, on September 27, 2017.

INFORMATION:

Background

High Occupancy Housing (HOH) is generally buildings that house more than 75 persons per acre or have more than 30 units per acre in dormitory or apartment-style units. Due to a combination of pent up demand, constrained supply and the 2011 changes to the Zoning Code to promote mixed use development, interest in large multi-family housing projects has grown. Many specific plans focus on a defined geographic area of the City. This Specific Plan differs in that it will focus on a specific development type, HOH that is not necessarily geographically defined within the City of Flagstaff. Therefore some of the goals, policies, and strategies apply more broadly than just HOH, even though the changes are designed to address HOH issues.

Public Involvement

Up to this point, there have been 25 public meeting to inform, develop, and refine the content of the draft HOH Plan. In addition, there have been 8 online topics posted on the Flagstaff Community Forum. See Attachment A for more details.

Content of the HOH Draft Specific Plan

The HOH Plan is a package of Regional Plan amendments, a specific plan and eventually a set of City Code updates intended to provide clearer direction and more consistent implementation of HOH projects in the City of Flagstaff. The overall vision of the Flagstaff Regional Plan 2030 (Regional Plan), feedback from the Flagstaff community, and research on practices to achieve desired outcomes were used to inform the proposed goals, policies and implementation strategies. The HOH Draft Specific Plan under public review includes the following:

- Introduction - provides a basic background of HOH and its development as a community concern as well as a history of density standards in the City of Flagstaff.
- Site and Area Analysis - goes into detail on each major component of development that relates to HOH. Each section starts with what Flagstaff already does, and then is followed by an exploration of these component's potential best practices based on peer reviewed research and an examination of peer cities and their practices. Potential practices for moving forward are a combination of concepts that have proven successful elsewhere, or situations or constraints that are unique to Flagstaff. The purpose of this chapter is to illuminate potential ideas, solutions, and/or issues.
- Concept Plan - The Concept Plan is an illustration of the land use and transportation concepts in the document with accompanying descriptive text. The Concept Plan does not encumber private land or limit the ability of a private landowner to develop in accordance with their current zoning or City standards. It is intended to help with the interpretation of the Plan's goals and policies.
- Goals, Policies, and Implementation Strategies - Goals and policies in the HOH Plan are topic specific ways of advancing the goals and policies of the Regional Plan. Goals and policies in this chapter are written broadly because they are intended to be viable for a 10- to 20-year planning horizon. Implementation strategies identify specific actions or changes that could be made to implement the HOH Plan goals and policies. The goals, policies, and implementation strategies in this chapter are preliminary and subject to change based on public comments, direction from the City Council, changes in conditions, and further review by staff and partner agencies. Goals, policies, and implementation strategies are organized based on what they would like to achieve under the following headings:
 - Promote HOH buildings that connect and enhance urban patterns
 - Promote HOH primarily as a part of complete Activity Centers
 - Leverage HOH to create more efficient and equitable transportation
 - Enhance public spaces where HOH is located
 - Stormwater policies to support public safety and place-making
 - Reduce waste and increase energy efficiency of HOH developments
 - Improving NAU-City coordination
 - Promote affordability and sustainability incentives
 - Promote economic resiliency through building design in HOH developments
 - Set legislative priorities for new tools to address HOH

Proposed Regional Plan Amendments

Any specific plan adopted by the City must be in conformance with the Flagstaff Regional Plan 2030. Because the impetus for the High Occupancy Housing Plan included issues that lack clarity or have conflicting information in the Regional Plan, Regional Plan amendments are needed to adopt the Specific Plan. Chapter 3 of the Flagstaff Regional Plan allows for amendments to the Regional Plan that accompany a specific plan to be processed without a separate amendment process. Therefore, the 60-day review and other relevant process steps can be used for the purpose of meeting the regulatory requirements of both the plan amendments and specific plan adoption process.

The proposed plan amendments can be found in Appendix B of the Specific Plan. They are intended to clarify and assist in accurate cross-referencing between the Regional Plan, the HOH Specific Plan, the Zoning Code, and the Engineering Design Standards and Specifications. The proposed plan amendments include changes to both Chapter IX: Growth and Land Use and Chapter X: Transportation.

- If you have questions, or require clarification on the contents of this memorandum, please contact Sara Dechter, AICP, Comprehensive Planning Manager at sdechter@flagstaffaz.gov or (928) 213-2631.

Attachments: High Occupancy Housing Draft Specific Plan
HOH Public Participation Plan
PowerPoint



High Occupancy Housing DRAFT Specific Plan

Public Review Draft - July 28, 2017



City of Flagstaff, Arizona

This public review draft is being distributed for a 60-day comment period. Comments should be submitted to the City by September 27, 2017 in order to be timely.

Comments can be submitted to:

Sara Dechter, AICP
Comprehensive Planning
211 W. Aspen Ave.
Flagstaff, AZ 86001

Or email at:
sdechters@flagstaffaz.gov

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Chapter 1: Introduction

The goal of this document is to produce a new Specific Plan for the City of Flagstaff that defines future urban patterns for High Occupancy Housing (HOH) developments. The Flagstaff Regional Plan 2030 (Regional Plan), the Flagstaff community, and research on some practices to achieve the goals set forth within this plan will guide these patterns.

The HOH Specific Plan has been developed in response to community concerns surrounding some of the larger buildings recently completed or in development stages. At public hearings and workshops, the community has expressed concerns that these larger mid-rise buildings are out of context with their surroundings or will negatively affect their neighborhoods. The goals and policies of the HOH Specific Plan are intended to address these community concerns, while not neglecting the “active stewardship of the natural and built environment” in the Regional Plan’s Vision, and respecting the existing development rights that the landowners possess.

Much of the early discussion related to HOH began through the community’s process of addressing off-campus student housing and its growth in recent years. Northern Arizona University (NAU) is the biggest contributor to Flagstaff’s base economy, and the student’s presence allows a more diverse mix of retail, restaurants, and small businesses than is typical of a town of 70,000 residents. Even though NAU is its own jurisdiction and does not have to follow City plans or regulations, the HOH Specific Plan was developed with extensive coordination between NAU and the City of Flagstaff.



Figure 1: Downtown building that would be HOH density if the upper floors were occupied by residential units

HOH is defined as a development with at least 30 units¹ or 75 bedrooms per acre in dormitory or apartment-style units. In most cases, reaching this density level requires a mixed-use building to be constructed. The Village at Aspen Place is the first example of HOH built in the City. For context, buildings achieving 30 units per acre are often mid-rise buildings that are approximately four to six stories tall within a suburban environment that mandates on-site surface parking, landscape setbacks, and maximum building coverage areas.

¹ The delineation of 30 units per acres represents the maximum residential density allowed in High Density Residential zones without the use of density bonuses for Sustainable Building or Affordable Housing.

Many examples that are just under the 30 units per acre threshold exist within this suburban context, most prominently within the Woodlands Village neighborhood. To provide more context to what may constitute HOH; in an urban environment with buildings up to the edge of the sidewalk, no on-site parking, and no landscape setbacks, 30 units per acre can theoretically be achieved with a low-rise building of one to two story.²



Figure 2: Suburban apartment building below HOH density

Under this definition, several of the existing historic buildings in downtown Flagstaff, such as the Weatherford Hotel, the Hotel Monte Vista, and even the Switzer building, which contains the Artists Gallery and Flag Terroir, could accommodate densities of at least 30 residential units per acre above a commercial ground floor.

What is a Specific Plan?

A specific plan provides more detail with goals and policies to a specific area or topic from the Regional Plan. All specific plans must be reviewed by the Planning and Zoning Commission and sent to City Council for adoption. Details of specific plan requirements can be found in Title 11-10.30 within the Flagstaff City Code. Specific Plans are a minor amendment to the Regional Plan; however, the adoption of a specific plan follows the procedures applicable to a major amendment to the Regional Plan, except for its timeline. Further details on plan amendments and specific plans can be found within Chapter 3 of the Regional Plan.

Public participation is a large component of the time spent on any specific plan. Between July and November of 2016, the City of Flagstaff hosted five community cafés alongside online public engagement to listen to the public about how density, building design, and their impacts are affecting neighborhoods, affordability, and community sustainability. Later in November the City hosted two Open Houses containing informational presentations and posters on the topics of NAU housing, property management, water, traffic, transit, peer cities, land use, parking, and affordability. In April of 2017 the City facilitated an HOH focus group with a selected cross section of the community to vet ideas and concepts in order to build consensus on how our community moves forward with HOH. Many of the same concepts were then discussed in a Policy Workshop open for all interested people to further gauge popularity of and trade-offs for

² Dividing the square footage of an acre (43,560 sq. ft.) by 30 yields 1,452 sq. ft., so even subtracting lost space due to hallways, common rooms etc., 30 comfortably sized apartments can be achieved on one acre with only one story. However, it is understood that this building form would likely not be very attractive or functional and it should instead be assumed that a HOH development in the described urban form would likely need to be at least two stories.

the potential policies. The release of the public review draft of the HOH Specific Plan begins a 60-day public review period, during which the City will hold more informational Open Houses and meetings with City Boards and Commissions to clarify the plan's goals, policies, and limitations. After the comments received are incorporated into the document, the public hearings with Planning and Zoning Commission and the City Council are scheduled.

After adoption of a specific plan, its goals and policies are to be considered when Council and City staff review discretionary development proposals, such as requests for rezoning property, updates to City Codes, or to inform the most appropriate City Capital Improvements. The specific plan only applies in discretionary decisions and does not impact existing entitlements on private land. When no changes to existing entitlements are being proposed for a potential development, the development needs to meet only the existing Zoning Code, the Engineering Design Standards and Specifications, and all appropriate building codes. However, after a specific plan's adoption, the City Codes and Standards can be amended to implement the adopted policies, and therefore, "entitled" developments will have to meet the Code alterations per the community's requests.

History of Large Buildings and Zoning in Flagstaff



Figure 3: Coconino County plat maps- assessor index map (Flagstaff), 1939.

There was no zoning during the earliest days of Flagstaff. The city was founded in 1890. Buildings were at first constructed based upon the form needed and the technology available using the General Land Office system of land subdivision and sale, until the City Engineer organized the City's parcels in the original plat of **1922**. This was the first instance where the City took action to guide the development of private land. The largest buildings at the time were the mixed-use buildings close to the train station. Many of these buildings were two stories with retail on the first floor and

residences or hotel rooms above. On New Year's Day 1900, the three story Weatherford Hotel was opened. In 1926, the four story Monte Vista Hotel opened. The tallest manmade features of this era were the smoke stacks of lumber mills to the west and southeast of the town.

Federal statutes that enabled States and local governments to enact planning and zoning laws were first created by the Department of Commerce from 1926-1929. Flagstaff's first zoning code was completed in **1949**. This ordinance (officially the "Building Zone Ordinance of the City of Flagstaff, Arizona), promoted the "public health, safety, convenience and general welfare" by, for example, regulating the location and use of structures and land for various land use designations. This ordinance established the first zoning districts; and established use, height, setback, lot coverage, and density standards for each district. It allowed building heights up to 110 feet in the Central Business District. The tallest building constructed while this zoning code was active was the Bank of America Building in 1969 at 63 ft. tall. Prior to 1969, the Monte Vista Hotel, built in 1927, was the tallest building at 50 feet in height.

Flagstaff's next zoning update was **1972** and the building height in the downtown was reduced to 60 feet because that is the approximate height of a mature Ponderosa pine tree. In 1991, the City adopted the Land development Code and added performance standards to the classical Euclidian or conventional zoning districts. The Code is regularly reviewed and modified for a number of community concerns, changes to other laws and policy changes. Section P.100 of the Zoning Code's preamble provides more detail on these and dozens of other historic zoning code updates.



Figure 4: Smokestacks of the Flagstaff Lumber Company, year unknown



Figure 5: Monte Vista Hotel in Downtown Flagstaff

All of these amendments were completed at a time, when Arizona law governing property takings was similar to the rest of the United States. However, following the Supreme Court eminent domain case, *Kelo v. City of New London* in 2005, Arizona voters quickly passed Proposition 207 (the Private Property Rights Protection Act), which redefined the rights of a property owner when the state or a local government exercises this power. The Private Property Rights Protection Act requires local governments to compensate a private property owner if the value of a person's property is reduced by the enactment of a land use law. A land use law regulates the use or division of land, such as municipal zoning laws. This is the reason why “downzoning”³ or changing development standards to permit less intensive development is more difficult to accomplish in Arizona. Property owners either must waive their entitlements voluntarily or be compensated for the reduction in value of their property. Compensation is an expensive option for local governments in many cases and how it would be calculated is uncertain because there have not been any substantive court cases under the Private Property Rights Protection Act. (For more information on legislative constraints in Arizona - See Appendix A)



Figure 6: The Village at Aspen Place, the City's first completed HOH building

The Land Development Code was replaced by the current Zoning Code in 2011. The purpose of the Zoning Code is to “protect and promote the public health, safety, convenience, and general welfare of the citizens of the City by exercising all powers related to the regulation and use of land and structures within the City that are authorized by the City Charter and Arizona Revised Statutes” (City Code Title 10-10.20). This update preserved the conventional or Euclidean zones but added a new

form-based code called transect zoning. The intent behind this update was to focus the regulations for the Downtown on place-making rather than regulating the use of each building. This also encouraged the adaptive reuse of existing buildings, like the DuBois Hotel, because most of them could not meet the more stringent requirements of the conventional zones. (For more details on the current zoning framework, see the Planning and Land Use section in Chapter 2).

³ Examples of downzoning would be: taking away the ability to build an office building in favor of single family homes, reducing the density of housing units from 8 units per acre to 3 units per acre, or reducing the maximum allowable building height from 65' to 35'.

Land owned by the Arizona Board of Regents is not subject to Flagstaff's zoning authority and therefore, the tallest buildings within the community are on NAU's Campus. Sechrist Hall was built in 1967 is the tallest building on campus at 110 feet in height. The new NAU Science and Health Building can be seen prominently above the tree line on campus.



Figure 7: Sechrist Hall on NAU Flagstaff Campus

Chapter 2: Site and Area Analysis

Many specific plans focus on a defined geographic area of the City. This Specific Plan differs in that it will focus on a specific development type, High Occupancy Housing (HOH) that is not necessarily geographically defined within the City of Flagstaff. Therefore, the entire City limits will be a part of this Site and Area Analysis, with a special emphasis on the areas where HOH is currently allowed by right.

This chapter will first give a brief overview of Flagstaff. It will then go into detail on each major component of development that relates to HOH, starting with what Flagstaff already does, and then followed by an exploration of these component's potential best practices based on peer reviewed research and an examination of peer cities and their practices. These potential practices for moving forward will be a combination of concepts that have proven successful elsewhere, or situations or constraints that are unique to Flagstaff. This section will not contain concrete conclusions on the next steps but rather its purpose is to illuminate potential ideas, solutions, and/or issues. The next part will compare Flagstaff to other peer cities that are experiencing similar growth challenges. Finally, this chapter will analyze what geographic areas are ready to host HOH development. Later chapters will determine our community's goals, policies, and vision, surrounding HOH, based upon the background established in this chapter and the outcomes, which the community decides to pursue as coordinated throughout this planning effort.

Maps in this chapter that are sources from other policy documents such as the Regional Plan are up to date as of the time of this document's publication. They should not be used in policy analysis without referencing the original source.

Demographics

The City of Flagstaff offers a high quality of life and is a very desirable place to call home. Due to a growing population and corresponding development, Flagstaff has been transforming from a quaint mountain and college town to a relatively small vibrant city, while trying to maintain a small town identity. Flagstaff's rate of population growth has been constant for the last 20 years, averaging approximately 1.6 to 2.2% annually.⁴

Flagstaff's 2016 total population is estimated at 71,000 (U.S. Census Bureau, Population Division, 2017) with a young median age of 26 years old. The median age for Arizona is approximately 35 years old. Flagstaff's young population can be attributed, in part, to the 22,000 students enrolled at NAU's mountain campus. As such, approximately one-third of Flagstaff's population is comprised of Northern Arizona University students.

Like many similar communities, Flagstaff has an undersupplied housing market and affordability issues. The 2016 median housing sale price is \$315,500 while the median household income is approximately \$49,000 (U.S. Census Bureau). 24% of the Flagstaff population is living in poverty.

Flagstaff is a diverse community. It is a community of families as well as a large number of individuals living alone. Nearly 20% of household types are non-family due to our large student population; limited rental vacancies and relatively high rents may contribute to this statistic for the non-student population. The majority of Flagstaff residents rent; 55% of housing is rental whereas 45% of housing is owner occupied (U.S. Census Bureau).

Figure 8: Income Characteristics

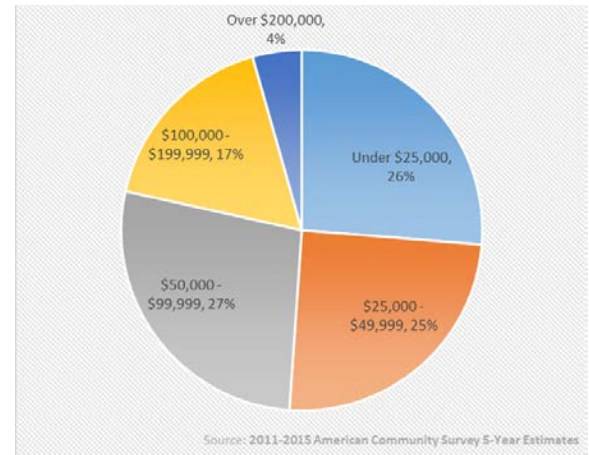
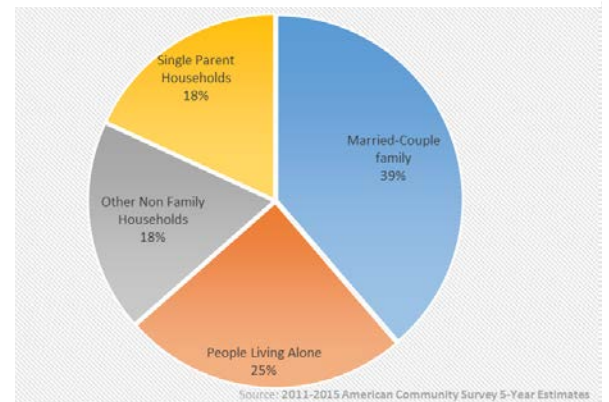


Figure 9: Household Types



⁴ This rate of growth is confirmed by the Arizona State Demographer, the utilities department and the Regional Plan.

Planning and Land Use

Flagstaff

Flagstaff has three levels of policy and regulations that are used to regulate growth and land use. The highest level and the broadest is the Flagstaff Regional Plan 2030 (Regional Plan), which serves as the City's General Plan. The document provides community goals and development policies that guide updates to the Zoning Code, rezoning and annexation applications, and can be used as a community vision for the public and private sectors.

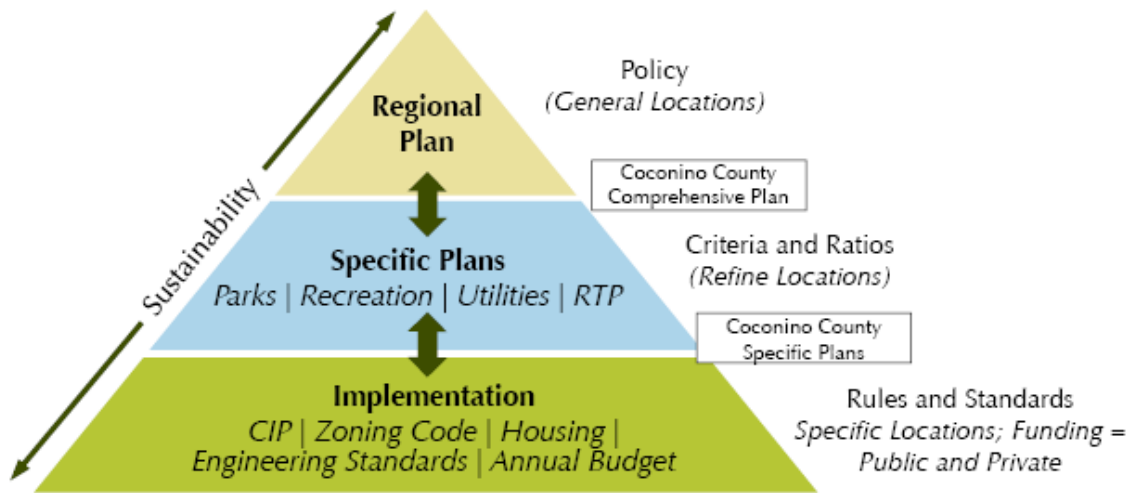


Figure 10: Flagstaff Regional Plan 2030, Planning Pyramid

In order to ensure the systematic implementation of the Regional Plan, cities in Arizona also adopt specific plans that provide more detail about topics in the Regional Plan, or about how the Regional Plan should be implemented in a part of the City. Flagstaff has area specific plans for La Plaza Vieja, Juniper Point, Canyon del Rio, McMillan Mesa Village, Lone Tree Corridor, West Side (West Route 66), and Woodlands Village. The City also has adopted one topical specific plan, the Flagstaff Area Open Spaces and Greenways Plan (completed in 1998). The HOH Specific Plan will be the second topical specific plan adopted for Flagstaff.

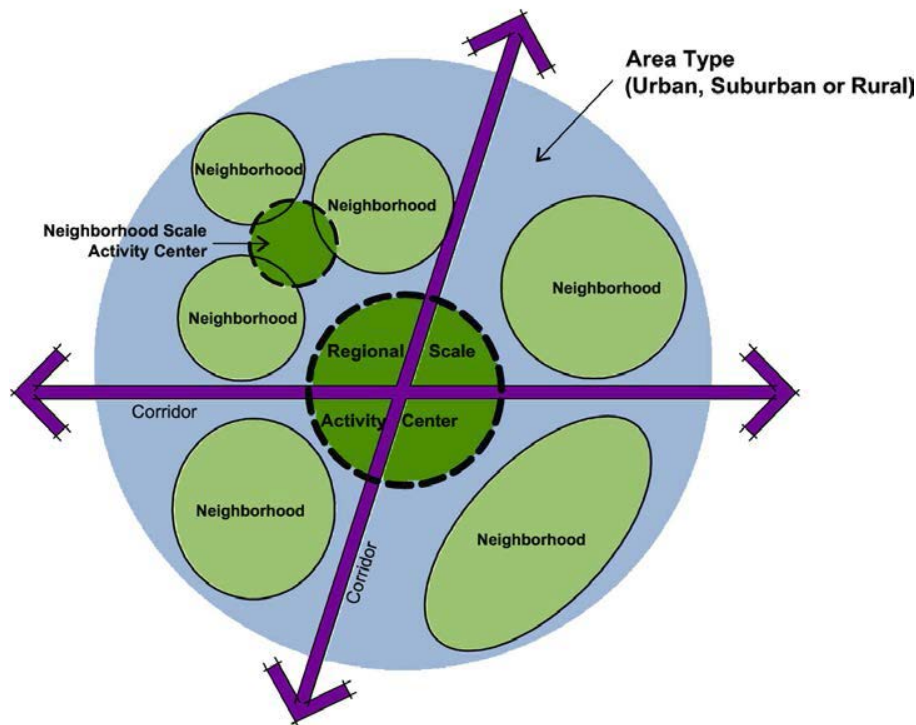
The third and most detailed level of implementation of the Regional Plan are the City Codes, especially the Zoning Code. The Zoning Code regulates the use, form, and pattern of the physical development of land within the City to “public health, safety, convenience, and general welfare of the citizens.” The Zoning Code tells a property owner what uses they are entitled to and what uses or rights require a decision by the City Council or Planning and Zoning Commission. The Zoning Code includes a map that sets boundaries for districts that have different regulations (For more information see Zoning Code history section). The scope of the High Occupancy Housing Plan concerning the Zoning Code is the commercial zones, which allow commercial mixed use buildings up to 60 feet in height (Community Commercial, Central Business, Commercial Services, Highway Commercial), and the transect zones which allow commercial mixed use buildings of any form (T4, T5, and T6). Residential and industrial zones and the T3, T2, and T1 zones under the Transect Code do not all HOH densities.

The expected outcome of the HOH Specific Plan is to better align all three levels of the City's planning framework concerning buildings with at least 30 units per acres, which generally requires the construction of a mixed-use building.

Flagstaff Regional Plan 2030

Activity Centers are mixed-use areas, identified on the Future Growth Illustration (Maps 21 and 22 in the Regional Plan), where there is a concentration of commercial and other land uses typically defined by a commercial core and a walkable pedestrian shed. In the Regional Plan, activity centers are considered the most appropriate locations for HOH but the Regional Plan does not specify how to address compatibility for each center. Activity Centers are expected to include a high-degree of transit, pedestrian and bicycle connectivity. In Flagstaff, achieving HOH requires a developer to include a mixed-use strategy, which generally means a commercial front building (horizontal mixed use) or a commercial first floor (vertical mixed use). During the development of the Regional Plan, activity centers were tested using rigorous land use, water, and transportation modeling. The City and County also held public charrettes to understand the trade-offs and impacts of their placement and scale. The Regional Plan is designed to support the creation and enhancement of activity centers for the good of the community at a regional scale. However, what was left to later decisions is how to make these higher density, transit-oriented, mixed use places a compatible part of Flagstaff's future.

Neighborhoods are also identified in the Regional Plan as a place type of significance to the social and economic vitality of the community. The Regional Plan did not explicitly identify where an activity center ends and a neighborhood begins (See Policy LU.18.15). Direction pertaining to neighborhoods identifies several key values: their walkability and connectivity to



nearby activity centers and open spaces, preservation of historic buildings, well-designed infill, and housing affordability.

The Regional Plan also identifies commercial corridors (See Map 25: Road Network Illustration for locations) as a place type that can influence the scale and shape of neighborhoods and activity centers. Policy LU.18.10. states "Corridors should increase their variety and intensity of uses as they approach activity centers." Unlike Activity Centers, corridors do have a defined width in

Figure 11: Illustration of Activity Centers and the relationship to other Place Types

the Regional Plan. Policy LU.18.11. states that policies pertaining to corridors “apply to a depth of one parcel or one and one-half blocks, whichever is greater.”

Activity centers are not a new concept for Flagstaff. The City’s general plan has encouraged them since 1990. They were identified in understanding that City residents wanted to preserve natural resources and open space while maintaining affordability and an efficient transportation system. The 2001 Regional Land Use and Transportation Plan (RLUTP) goal related to activity centers stated, “Commercial uses in the county will be located in activity centers in specifically designated areas intended to serve as focal points for the community in which they are located, and they will provide opportunities to meet area resident needs locally, while avoiding a strip commercial pattern of development along the region’s major roadways”. The Flagstaff Regional Plan 2030 was the first document to identify locations for activity centers and to try and define their scale and relationship to the rest of the community. Activity Centers are identified on the Future Growth Illustrations, which is called an illustration because it is not a parcel-specific regulation like the Zoning Code. The Regional Plan does not preclude a property owner from using their private development rights, which are determined by the regulations in the City’s Zoning Code. The role of the Future Growth Illustration and other maps in the Regional Plan is to identify where to consider rezoning requests that allow for intensive development like HOH without the additional step of a plan amendment.

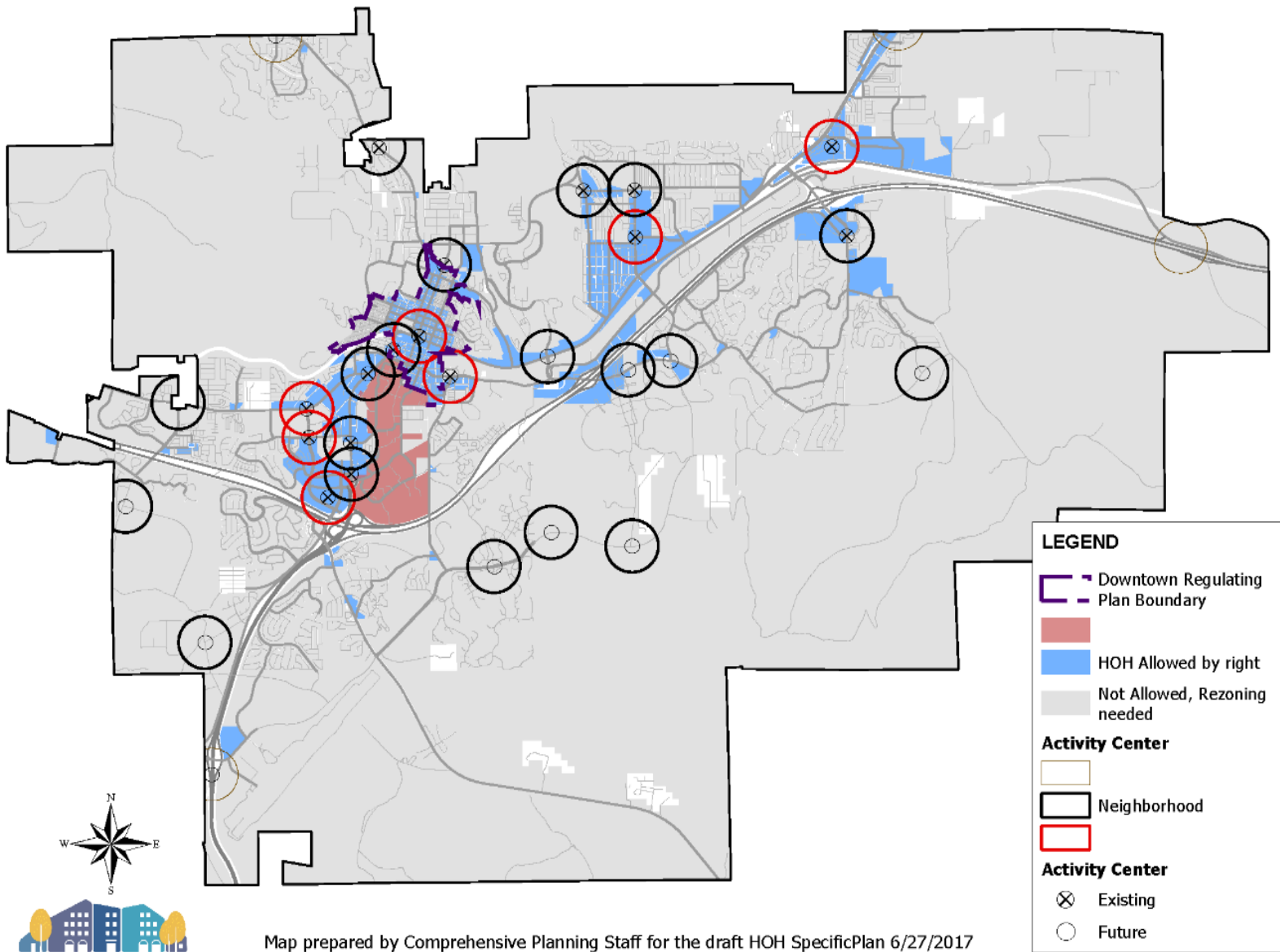
Relationship between Area Specific Plans and Topical Specific Plans

Concerns about compatibility between activity centers and the surrounding neighborhoods has been one of the fundamental objections raised to HOH proposals. The community has examined this issue through proposed zoning map amendments for the Standard in 2013 and the Hub in 2016. The Regional Plan discusses this compatibility generally and assumes that specific plans for activity centers, neighborhoods, and corridors will provide site-specific guidance about what compatibility means based on the unique context and distinctive identities of each (Policy LU.10.4. and FRP30 p. IX-35). Some of the issues each area specific plan needs to address concerning compatibility is:

1. What can a compatible building look like now and in the future (scale and form),
2. How will the built environment transition from a neighborhood to the activity center,
3. What to do about areas that permit by-right development of high occupancy housing outside of an activity center.

An area plan may provide details about materials, landscaping, and architectural design that the broader HOH Specific Plan would not address. Therefore, when there is a conflict between an area-specific plan that addresses HOH, and the HOH Specific Plan, the area plan prevails. For example, La Plaza Vieja Specific Plan was the first area-specific plan to address HOH issues under the 2014 Regional Plan. A map within the plan identified parcel-specific areas of “Commercial Edge” (activity center core), “Transition” (the pedestrian shed), and “Neighborhood Core” (urban neighborhood). La Plaza Vieja Neighborhood Specific Plan also identified area appropriate architecture and mitigations for large buildings to protect neighborhood character. Future area specific plans may define these areas differently, but should relate them back to the Regional Plan framework.

Map 1: Locations where HOH is currently allowed and of current Activity Centers



Zoning Code

The City of Flagstaff adopted its most recent Zoning Code in 2011, and has made several updates since then. The code encourages mixed-use buildings in commercial zoned areas. For four of these zones, the maximum building height is 60 feet and buildings over 60 feet in height can be approved with a conditional use permit. Residential uses located above commercial are not included in the allowed intensity calculations for all of the commercial zones, but do factor into the building heights for commercial zones. Each of the following zones allows for HOH development, by right:

- Central Business (CB) District is intended for retail commercial, personal services, governmental, business, financial, professional, and general offices. It allows for residential uses above the ground floor. Buildings and uses in this district should be “grouped so that the shopper or user can park once and visit a number of stores and offices on foot” There are no setbacks, smaller minimum lot sizes, and no maximum FAR in the Central Business District.
- Highway Commercial (HC) District is intended to promote a full range of automobile-oriented services and residential development above and behind commercial buildings. This zone permits the widest variety of commercial uses of any commercial zone. The zone allows small setbacks, and a Floor Area Ratio (FAR), which is a measure of intensity of 3.0.
- Commercial Services (CS) District is intended to promote service industries and support activities necessary to maintain viable commercial retail trade centers. It allows for residential development above and behind commercial buildings. CS zone allows small setbacks, and a Floor Area Ratio of 2.0.
- Community Commercial (CC) District is intended to provide for commercial services within established neighborhoods. These areas provide dispersed commercial services and retail and a variety of housing choices. This is the only commercial district that allows single-family homes and duplexes by right on lots less than 9,000 square feet. CC zone allows small setbacks, and a Floor Area Ratio of 2.5.

Transect zones are the districts identified in Flagstaff’s form-based code. The form-based code currently applies only within the Downtown Regulating Plan boundary (See Map 1). Within this boundary, the transect zones are an option, and in order to apply them to a property, the owner must waive their rights under the conventional zones, such as CC or CB. T4, T5, and T6 are the only zones that allow HOH in the form of the commercial block building and some residential buildings types. Currently, the commercial block building type has few development standards, and the Planning and Development Services staff is working on changes to the building type that would better set them within the context of each transect zone and neighborhood. The policies in this document related to transect zones are being developed concurrently to an update in the commercial building type standards in the Zoning Code.

- The T4N.1-O Neighborhood zone is intended to provide a transitional district between commercial and residential uses in the T4N1 and T3N zones. Along major commercial corridors, T4N.1-O is located behind T5 or along smaller commercial corridors; T4N.1-O fronts the street.
- The T5 Main Street zone “provides neighborhood-serving commercial and retail uses in a main street form, and provides a variety of urban housing choices, typically in smaller units.” It runs along major commercial corridors.

- The T6 Downtown zone reinforces and enhances “the vibrant, walkable urban downtown core,” and enables “it to evolve into a complete neighborhood.” This zone overlaps within the Central Business (CB) district.

Map 1 shows the areas of the City that currently allow HOH by right in blue. This entitlement may occur because of commercial or transect zoning standards. Anywhere that is gray on the map above would need to be rezoned before a property owner could build an HOH development. For an area to be rezoned to a commercial zone or a transect zone that would allow HOH development, the parcel must be located in an activity center, and be consistent with Regional Plan goals and policies and any applicable specific plans. Once adopted by Council, this specific plan will provide more detailed policies for how to achieve conformance with the Regional Plan.

Practices Moving Forward

The Regional Plan Vision for Growth and Land Use Chapter states, “In 2030, our community continues to grow in a smart and connected way, making investments in efficient infrastructure, alternative travel modes, and promoting housing choice while seeking to reduce sprawl. The land use decisions made in the region promote a healthy lifestyle and quality of life desired by many” (Page IX-1). The key strategy to achieving this vision is investment in complete and connected places that are anchored by compact development, in other words, the activity centers. The direct benefits of this strategy are that the cost of administering essential services is reduced for the city and utility companies, and land consumption is slowed or reduced from new development. The Great Communities Collaborative, a non-profit that researches affordability and transportation issues, states that in compact development areas “stores have enough local customers to stay in business, transit systems have enough riders to justify the public investment, and parks have people strolling through keeping the neighborhood safe. Community services including childcare, medical offices, banks and post offices also have branch locations frequented by people living within walking, biking or transit distance” (Great Communities Collaborative 2009). In the Regional Plan, achieving the community goals for open space preservation, housing affordability and choices, mobility and transportation, and economic development are all inextricably connected to our ability to achieve complete, connected, and compact development. The Regional Plan ties all of these together with the concept of compact development on Page IX-16, stating “Encouraging the option of compact development for the region allows for the following to be achieved while still respecting Flagstaff’s scale, character, and design traditions:

- Support economic vitality
- Well connected access for pedestrians, bicyclists, cars, and transit
- Appropriate multi-modal thoroughfare design
- Medium to high densities in appropriate contexts
- Provision of a range of housing options including smaller housing types on small lots and multifamily housing options with shared amenities
- A mix of uses, i.e., several types of housing, commercial, and office space are located in close proximity with civic spaces to provide vibrant commercial spaces, quality places for people to live, and to support infill and reinvestment of existing developed areas.
- Interconnected streets
- Innovative and flexible approaches to parking
- Access and proximity to transit
- Reduction of sprawl on the periphery of the region

- Support of conservation and open space goals as well as watershed protection
- Minimize traffic congestion
- Reduced miles of streets and utility infrastructure resulting in lowered City operating costs

As the Regional Plan states, the key to achieving the goals of compact development is the enhancement of community character and neighborhoods. The Regional Plan defines community character as “the combination of qualities and assets that establishes our unique sense of place and promotes a high quality of life for our residents and visitors” (Page VIII-1), and that emphasizes the community’s desire to “build and improve healthy and diverse neighborhoods, while maintaining affordability and connectivity to the greater region” (Page XIII-1). These elements represent the aspects of place and community that make Flagstaff unique. This is the most challenging balance to maintain, and the measure of the HOH Specific Plan’s success will be how well it moves the City forward in addressing these trade-offs.

Great Communities Collaborative (2009) suggests that the following design elements that help achieve appropriate compact design:

- Buildings with varied surfaces
- Pedestrian friendly design
- Well defined open space
- Landscaping
- Parking hidden from the street
- Shared facilities
- Mix of uses: retail, housing, office and community services

Flagstaff’s Regional Plan, specific plans, and Zoning Code already have policies and standards that address all of these issues to some extent. The HOH Plan will offer refinements that can improve the implementation of these features in activity centers and HOH developments.

Northern Arizona University Housing

Flagstaff

Even though HOH is not exclusively a student housing issue, the demand for housing by Flagstaff's rising student population is a major component of the development interest the City has seen so far. So while this report will discuss HOH broadly, this section will focus on its relationship to Northern Arizona University's housing trends and contributions.

Northern Arizona University's Flagstaff campus had over 22,000 students in 2016. NAU students therefore account for approximately 30 percent of Flagstaff's population. NAU has been experiencing rapid growth in recent years. NAU is planning for a Flagstaff campus population of 24,000 in 2025. The rate of growth for enrollment at all NAU campuses, including online has been on average 4% over the last 10 years. The slower projected annual growth expected for the Flagstaff campus, near 1 percent, is primarily due to an expectation of faster online and extended campus growth. The total student growth is expected to be from just over 30,000 students in 2016 to nearly 35,000 students by 2025, still a slower annual growth rate than the previous decade, near 1.6 percent.

The Facts about NAU Enrollment, Housing, and Parking

A recent analysis pointed to a \$1.6 billion direct economic impact NAU has on this region; 61% of NAU graduates reside in Arizona after graduation.

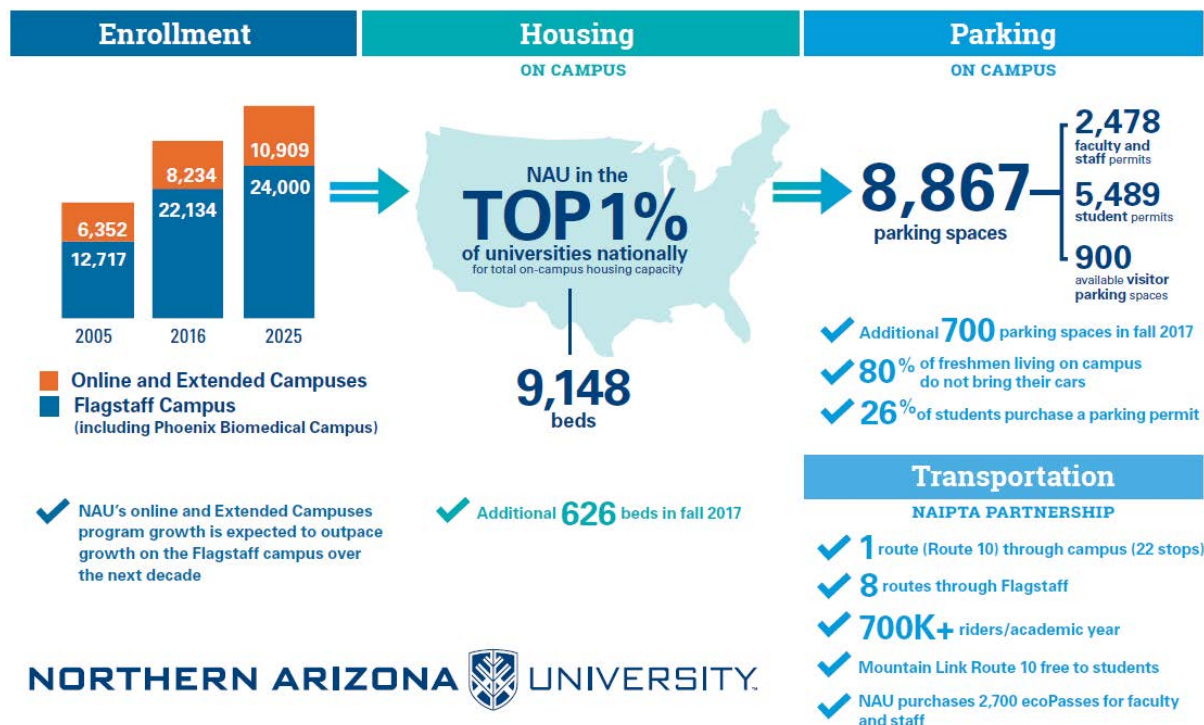


Figure 12: Infographic on NAU Enrollment, Housing, and Parking

For comparison, between the years of 2005 to 2016, total enrollment at Arizona State University (ASU) grew at an annual rate around 4.4 percent and has a current enrollment of over 98,000.

The University of Arizona (UA) grew at an annual rate near 1.5 percent with a current enrollment of nearly 44,000. Arizona's population as a whole has been growing at an annual rate near 2 percent for the last 15 years.

NAU is in the top 1 percent of universities nationally for total on-campus housing capacity. The Flagstaff campus of NAU has over 9,000 beds and their on-campus housing stock continued to grow. NAU has 626 new beds available in Fall 2017 and another 630 opening in Fall 2018. 41% of NAU's Flagstaff campus students have the opportunity to live on campus. For comparison, ASU has over 50,000 more in-person students and only 2,300 more beds while UA has over 11,000 more in-person students and 2,400 fewer beds. Those schools therefore have the ability to house only 16 percent and 15 percent, respectively, of their in-person students on campus.

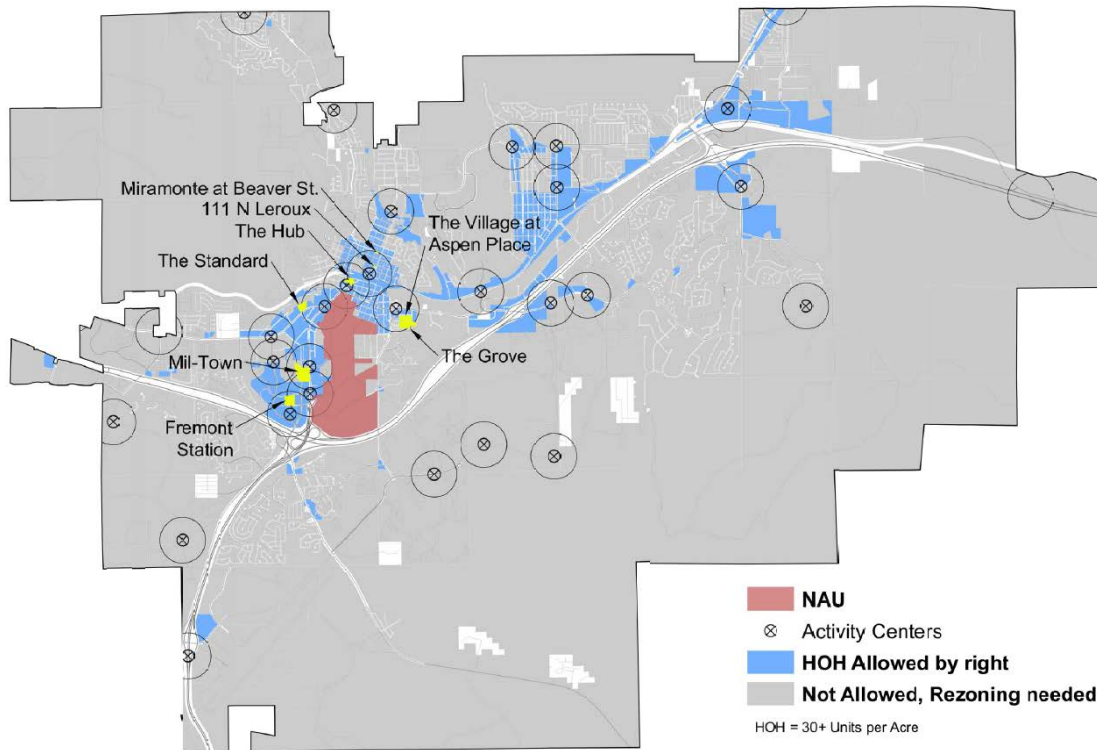
A bed in a dorm at NAU costs approximately \$650 per month. A two-bedroom apartment near NAU costs approximately \$1,600 per month, or \$800 per person per month. It is understood that Flagstaff is generally more expensive to live off-campus than either Tempe or Tucson. Looking at currently available apartments, a two-bedroom apartment near ASU is closer to \$1,100 while a dorm bed is more expensive than NAU at approximately \$750 per month. Tucson has many two-bedroom apartment options below \$1,000 and dorm bed costs start near \$750 per month. These in-state comparisons show that living off-campus is more expensive than living on-campus in Flagstaff while it is cheaper to live off-campus in Tempe or Tucson. This cost difference between housing markets around university was one of the common themes seen in other peer cities in Oregon and Colorado.

Practices Moving Forward

At most public universities throughout the nation, it is common to live on-campus for a portion of your college career and then live off-campus for the rest. The majority of upper-classmen, graduate students, and non-traditional students do not wish to live on campus. Therefore, at a point, building more campus housing no longer meets the demand for those students. NAU has a history of providing more housing on-campus than most other universities in part because of the limited off-campus and affordable rental options within the rest of the City. Both ASU and UA prioritize and encourage freshman to live on-campus citing the substantial benefits to academic success for a freshman that lives on campus but they do not have much housing available for other students. After a student's first year, ASU's and UA's on-campus housing has difficulties competing with private development around their campuses.

The question of housing our college population is not simply "on" vs. "off" campus. The distance to campus for those students choosing to live off-campus is an important component. While a graduate student, for example, likely prefers the freedom of living off-campus, they most often prefer to still be very close in order to have the flexibility to access campus facilities whenever they need, especially with the inconsistency of a class and events schedule. Previous student-oriented development has responded to this location demand. For example, the largest student housing developer in the nation only has one development located more than three miles from campus and 85 percent of their developments are within one-half mile from their respective campus. Flagstaff has been consistent with this overall trend, as it has not received a proposal for HOH at any significant distance from NAU.

Map 2: Locations that allow HOH development by right and HOH development that has been constructed or is under City review



The distance to campus is not the only component of a successful location. Most students will also want a mix of amenities near their residence, such as restaurants and entertainment. The right volume and type of amenities may lessen the barrier of distance from campus, if most non-school activities can occur near one's place of residence. A potential best practice for these amenities is to have them exist as a component of the community as a whole and not as an internal component of a student-centric development, which is also consistent with the Regional Plan direction about activity centers. At many levels, it is important to ensure that a university is a part of the community and does not exist in an enclave apart from its surroundings. A component of this practice should be seen as incorporating students into the everyday fabric of Flagstaff. Off-campus student housing may operate best if it is a stepping stone for a student to become a part of the Flagstaff community with the goal of keeping highly educated workforce in our community, once their degree is completed.

Property Management

Flagstaff

Any multi-family building can serve students, families, retirees, and seasonal residents through its location, interior configuration, and amenities. Fair and professional property management plays an important role to ensure the safety of residents in and neighbors of higher density residential developments. Property managers are responsible for safe, efficient, and effective operation of rental properties, including upkeep and maintenance, tenant screening, enforcing lease provisions, and security. In college towns, student housing management is a particular niche of this field. Even though certain properties or companies market their housing to college students, all HOH developments must adhere to the provisions of the Fair Housing Act and cannot discriminate in the sale or rental of housing based on race, color, national origin, religion, sex, familial status or handicap. Therefore, even “student housing” must serve the entire community.

One way that the City and Northern Arizona University have addressed the issue of off-campus student housing is to hire a Community Liaison in 2016 that can work with the City, neighborhoods, and students to address education and partnership between students living off-campus and the community. The City of Flagstaff also promotes safety in multifamily housing in the Crime Free Multihousing Program run by the Flagstaff Police Department. The program is voluntary for rental properties, unless the property has had multiple citations under the Nuisance Party Ordinance adopted in 2016. The programs purpose is to reduce crime, drugs, and organized crime on apartment properties. The program offers training, inspections, and coordination with law enforcements.

Essential Services

This section is organized around the provision of essential services to and from an HOH development. Stormwater runoff needs to be controlled throughout the City. Water needs to be considered from its surface or sub-surface source to its customers. Sanitary sewer needs to be considered from the customer through its ultimate treatment. Trash needs to be disposed-of efficiently and sustainably. Lastly, the privately run energy and communications services need to adequately provide for their customers.

Stormwater

Flagstaff

Stormwater is intended to be adequately controlled by the City of Flagstaff through an infrastructure system containing gutters, storm sewer pipes, dedicated drainage-ways, and naturally occurring washes or rivers. New development is not allowed to build within the floodway (a theoretical compression of the 100-year flood into an area of conveyance) or the Rural Floodplain (areas specifically set aside) of an existing wash or river. Development within the 100-year floodplain is allowed if it is adequately above the expected flood elevation or has a reinforced commercial-only first floor. These floodplain/floodway rules are set by Federal policy.

The addition of roofs, pavement, and other hardscapes to an area increases the peak flow and volume of water to the system since these surfaces do not allow any infiltration, unlike the natural ground. To protect downstream conveyance structures and surrounding areas from increased peak flow, the additional water created through development is typically held on-site with one or more detention basins that outlet at a rate that existed before the development.

The infrastructure required for treating stormwater is guided by the City of Flagstaff Low Impact Development (LID) policies that also serve to mitigate stormwater volume increases. To clean the water that gathers oils and sediment from a developed site, a series of small retention ponds capture the “first flush” of stormwater runoff and its pollutants. This design approach filters and captures the pollutants on-site. The polluted sediment is then periodically removed from the property owner during routine maintenance, avoiding a concentration of pollutants downstream. Most new development will need to treat and detain its stormwater while some redevelopment may only need to treat their stormwater. Where land is more limited or costly, mechanical underground systems are often used to clean the first flush.

Practices Moving Forward

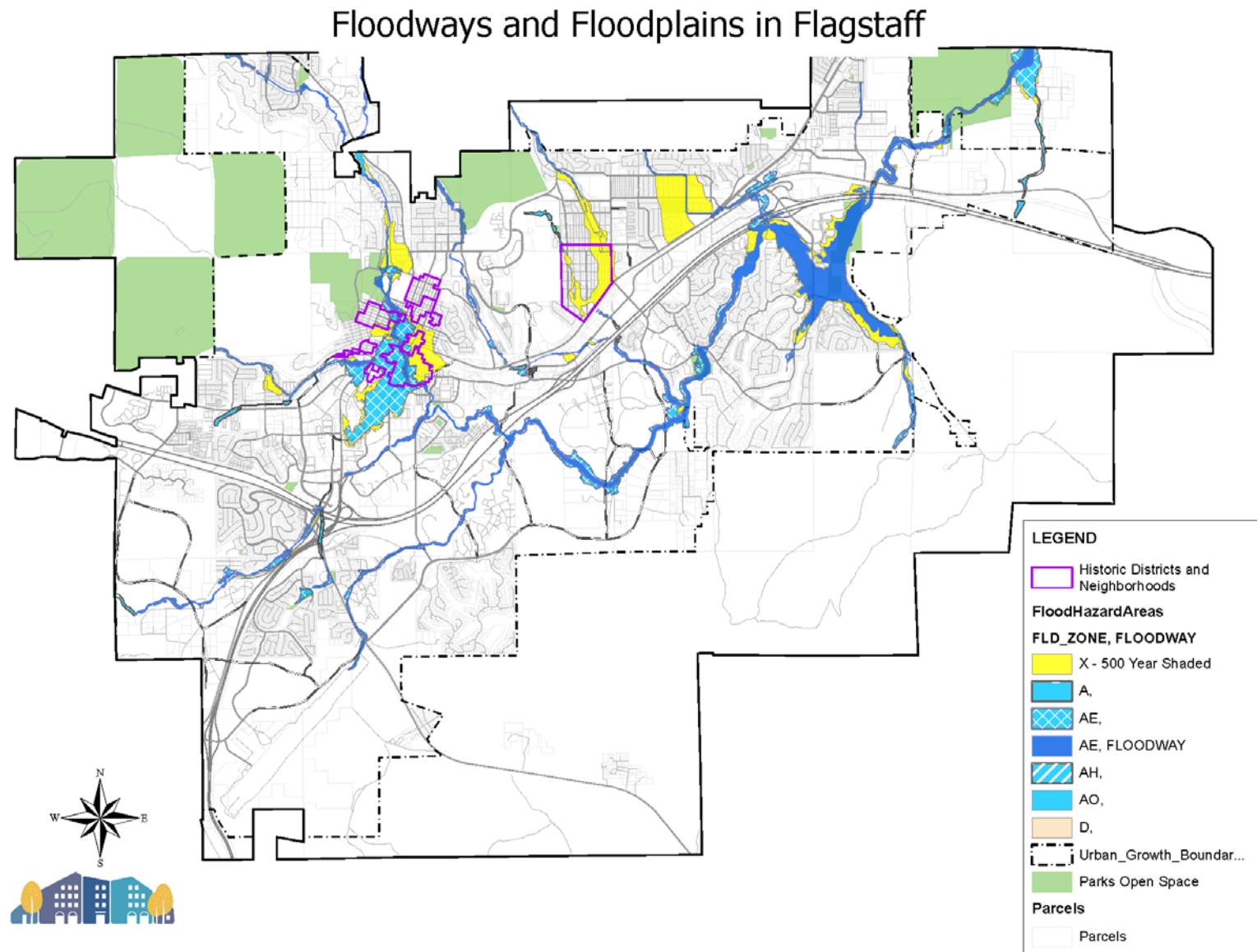
Building within a floodplain will often require a certain economy of scale for profitability. One of the largest impediments for redevelopment in and near downtown Flagstaff is the fact that much of it is in the floodplain. Building in the floodplain necessitates raising the finished floor elevation above the expected flood elevation (averages 5 feet deep within the Southside neighborhood) and/or flood-proof reinforcing a commercial-only ground floor. Many flood-proofing construction measures for commercial buildings, such as adding adequate strength to flood-proof glass can be more expensive, than traditional commercial construction. The expenses associated with “flood-proofing” a structure is a contributing factor toward the consolidation of parcels in order to make the “flood-proofing” pay for itself for each project. The most walkable areas of Flagstaff are composed of finer grain small to mid-scale developments

that create a diversity of buildings along a street. Flood proofing and on-site retention of stormwater can affect the scale of development by encouraging developers to build larger projects to offset higher construction costs. Most of the finer-grained, smaller buildings, especially within the Southside neighborhood, pre-date the current flood prevention standards and could not be constructed similarly today.

Taking downtown and its surroundings out of the floodplain can eliminate the associated design challenges. The City of Flagstaff has been working toward a flood-control solution through downtown and the Southside neighborhood for a number of years. The Rio De Flag and Clay Avenue Wash underground culverts, when constructed, would be able to contain the entire 100-year flood. Therefore, if that project is completed, central Flagstaff will no longer be in floodplain that exceed the Rio de Flag's channel banks. This would greatly reduce the cost of new development in most of the area currently delineated as floodplain and the economic impacts of flood and flood insurance on the Downtown and Southside. The total cost of this project has been its primary hindrance; it is currently estimated over \$100 million.

On-site stormwater mitigation requires the dedication of land or expensive underground systems. Every square foot of land used for detention or treatment on a site takes away from space that could be used otherwise. In very low-density suburban environments, this additional space can appear and function as a part of the landscaped area but in denser urban areas, it more directly limits the lot's potential. This loss of potential is especially true for smaller parcels and is another contributing factor (see Parking discussions) working against a smaller-scale development. A development's profitability can be increased by consolidating smaller parcels to take advantage of particular benefits that some of the smaller parcels might afford, and by increasing the vertical development since stormwater mitigation is calculated by the impervious surface area that does not change with vertical development. Again, most of the finer-grained, consistent streetscapes throughout central Flagstaff were developed before the current LID and detention standards, and could not be constructed similarly today. Constructing a larger detention basin or LID system that services multiple sites will provide flexibility in how and where mitigation infrastructure is constructed. Large centralized systems can also result in a more efficient use of land and better place-making in the urban environment. A smaller-scale development could then pay into that more efficient and larger-scale system instead of constructing their own, often allowing more flexibility and overall feasibility to their project while saving money. This option would be one contributing factor toward avoiding stagnation on small lots until its underlying value warrants consolidation for a single large project while allowing the middle class an ownership stake for their business (see Economic Development discussions). These consolidated systems should be seen to detain or treat multiple lots and not be confused with flood-prevention regional detention systems that service multiple square miles.

Map 3: Floodways and Floodplains in Flagstaff



It is expected to be difficult and expensive to find ideal land within a dense commercial district that can be used for stormwater mitigation by multiple sites. The City's current policy does not allow mitigation of stormwater impacts from private development in public rights-of-way. Other cities have programs that allow for right-of-way to be developed in such a manner when it benefits the public and is paid for, and maintained by the adjacent private property owner. Therefore, stormwater mitigation could be a component of a landscaped parkway or underground systems could exist under a wide sidewalk. These alternative ways of managing the issue of stormwater impacts has risks and benefits. LID in a landscaped parkway could enhance the feature while allowing the building to directly interact with the pedestrian realm. Under-sidewalk systems could be more efficient, if they service multiple parcels at a time, they would likely exist at a more natural low-point where water already drains than other locations on-site, and the system would more directly connect the public storm drain that commonly exists under the street. However, the cost of maintaining these improvements may eventually fall to the City if a property owner has financial difficulties and it may not be an appropriate consideration at every site. The City's stormwater division has just begun a "green infrastructure" project to start evaluating the possibility and trade-offs of changing the City's policy.

Water Supply

Flagstaff

The supply of water in the Southwest is typically a more controversial topic than other utility distribution systems. Theoretically, we can build ourselves out of any other utility challenge but we cannot create more water to use. In response to our region's potential issues, Arizona is the only state to require specific cities to forecast 100 years in to the future. Flagstaff is not required to but has opted into this methodology.



Figure 13: Upper Lake Mary

As a component of the land use and transportation modeling for the Flagstaff Regional Plan 2030, a 100-year adequate water supply study was performed. Accounting for the projected Flagstaff population growth, water recharge was modeled to match depletion within three percent around the year 2115. The City is essentially mining our water resources very slowly. The sources of this water are diagramed in the City of Flagstaff 100-year Designation of Adequate Water Supply chart and include area surface water, reclaimed water reuse, local groundwater, and the groundwater at Red Gap Ranch once Flagstaff's population reaches approximately 106,000. Water supply conditions are monitored and tracked with a report every year to the Arizona Department of Water Resources. These models are fully updated at least every 10 years. The updates account for changing conditions, including changes in land-use patterns.

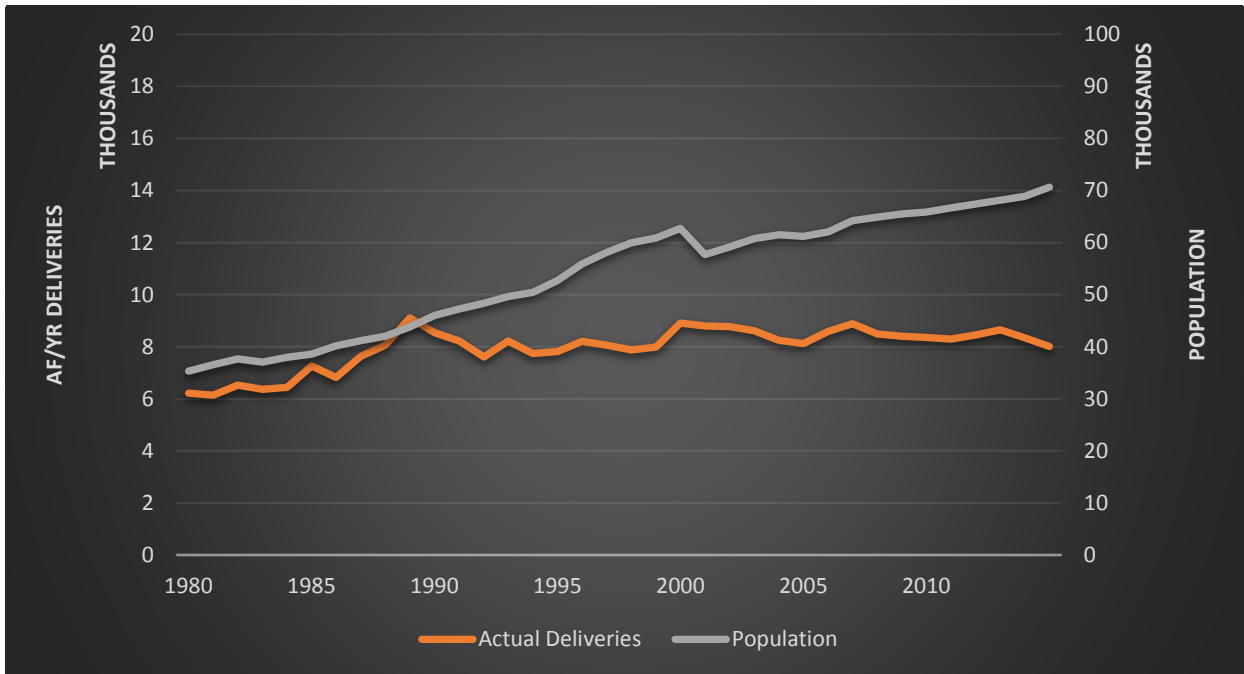


Figure 14: Graph of Water consumption and population growth, 1980 to present

City of Flagstaff 100-Year Designation of Adequate Water Supply

(as determined by Arizona Department of Water Resources, supplies are in acre-feet annually [AFA])

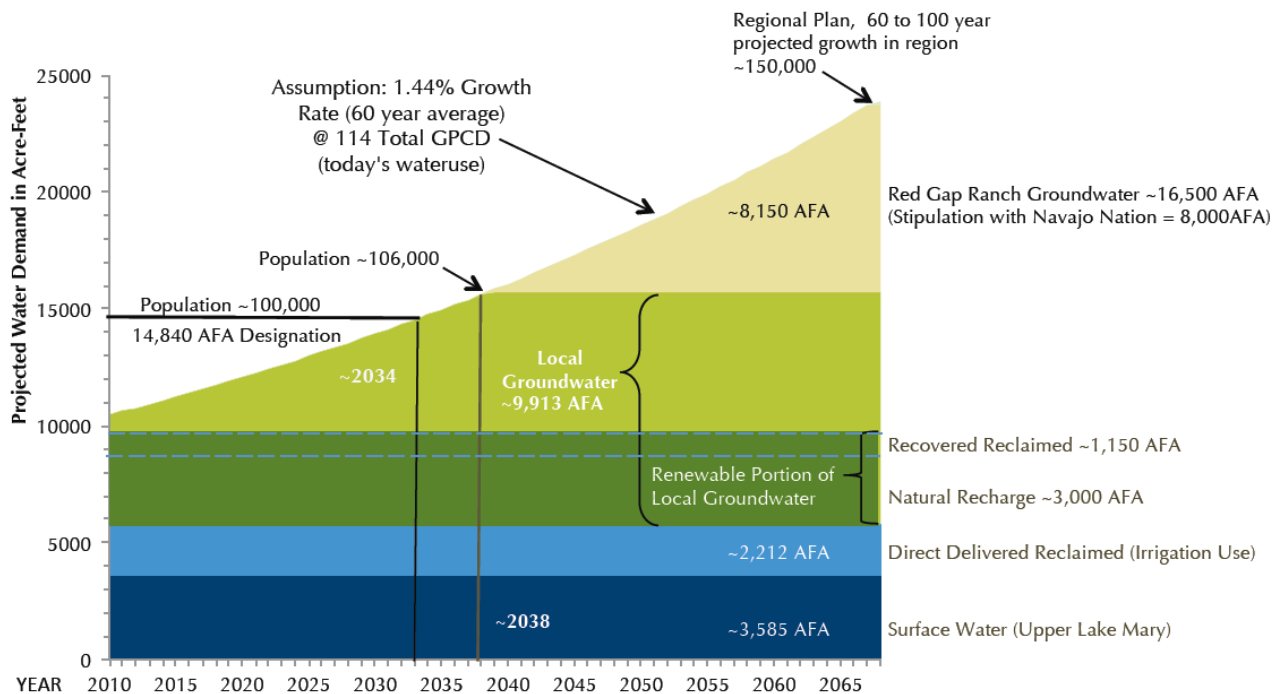


Figure 15: Graph of anticipated water supplies based and future population growth

Cultural shifts, technology improvements, and national and local water conservation efforts have helped overall water use per capita drop over the past two decades. Since 1989 the City of Flagstaff has grown by 30,000 people yet the total acre-feet of water used has remained constant.

To evaluate the City's water supply resiliency, the City of Flagstaff has produced a Climate Change model attempting to account for a worst-case scenario. The model accounted for no surface water in Upper Lake Mary, a 25 percent reduction in natural recharge and a 25 percent increase in evapotranspiration. Incorporating these changes still provided adequate supply to the City for 100 years but with an additional two percent groundwater depletion from the baseline models.

Practices Moving Forward

Typically, higher density developments use less water per household than lower density developments (City of Flagstaff, 2009). The Regional Plan's growth assumptions were tested through several multivariate modeling efforts documents in the Land Use Scenario Analysis. This analysis modeled five scenarios of future growth patterns within the Flagstaff Regional and considered their impacts across water, transportation, sustainability and other metrics. The Grow In scenario, which accounts for infill development at a higher density being a major component of Flagstaff's population growth, requires the least water (ADOT, 2013). HOH located in activity centers is in-line with this preferred growth scenario. Further progress can be made toward water conservation within the context of HOH. Within their landscaped areas, HOH could implement more native landscaping or incorporate rain sensing or related technologies within the irrigation systems.

	WATER USE RATES	GALLONS / DAY
RESIDENTIAL HOUSEHOLDS	Rural Neighborhood/Mountain Estates/Suburban Neighborhood/Suburban Neighborhood Light	218/Household
	Urban Neighborhood/Regional Center/Neighborhood Center/Suburban Mixed-Use	174/Household
	Urban Center/Metro Core/Urban Mixed-Use	161/Household
NON-RESIDENTIAL USES	Retail	874/Acre
	Industrial	5497/Acre
	Office	874/Acre
Source: City of Flagstaff 2009 Water Demand Analysis: Integrated Water Master Plan		

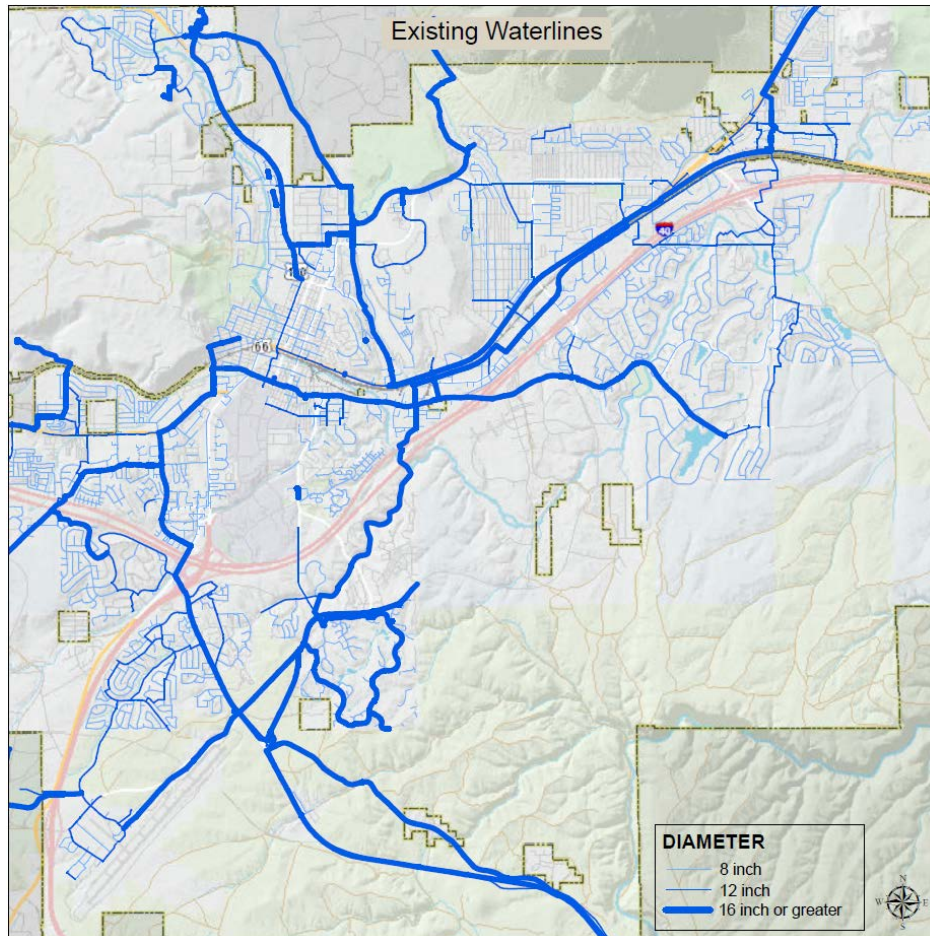
Figure 16: Estimated gallons of water used per day per household or per acre based on type and intensity of use

Water and Sanitary Sewer Distribution

Flagstaff

All public sanitary sewer systems within the City of Flagstaff gravity-flow toward the City's two treatment facilities. The Rio De Flag water treatment plant is near where the Rio De Flag passes under Interstate 40, and the larger Wildcat Hill water treatment plant located near Picture Canyon. New sewer lines start at eight inches in diameter and increase in size based upon their ultimate upstream uses and resultant expected flows, eventually entering a regional main that flows directly to the treatment plant. These regional mains, or interceptors, are over 27 inches in diameter. Older and possibly undersized lines exist throughout the City. A development that requires more capacity than the existing downstream system provides is required to upgrade that system as a part of their development. Upgrades can range in cost from a simple single block replacement to potentially replacing existing sewer lines with larger lines all the way to an interceptor line or even constructing private lift stations to get the site-generated sewage into the city's gravity system. Adequate water distribution to any development functions similarly to the public sanitary sewer system. New public water mains also start-out at 8 inches in diameter and increase in size based upon a network analysis of the surroundings and their demand. Any new development that requires more capacity than currently exists is required to upgrade that system accordingly. All new development shares in the overall cost of these systems when they purchase a new water meter and pay sewer capacity fees to the City of Flagstaff.

Map 4: Existing Water Delivery System



Private development's potential sanitary sewer and waterline upgrade projects will often be coordinated with a broader picture need for the City of Flagstaff for a variety of reasons in order to take advantage of the already necessary mobilization, trenching and/or general disruption.

Practices Moving Forward

There are locations throughout the City of Flagstaff that do not currently have adequate water and/or sewer infrastructure to serve higher densities. Undersized or aging infrastructure may deter future developments, especially the smaller scale developments that do not have the economy of scale to overcome expensive initial utility replacement costs. The Flagstaff community can help direct or incentivize development in preferred locations by providing adequate infrastructure in front of development. However, getting too far ahead of potential development may just cost the City money with uncertain returns. While it may not make financial sense to build an entire infrastructure network with no certain development plans, it likely makes financial sense to initially install utilities that can accommodate higher density developments rather than installing the minimum utility infrastructure in certain strategic locations. For example, installing a 12-inch line instead of an eight-inch line will be marginally more expensive since the trenching, labor and mobilization costs are relatively similar for either size line.

Cities indirectly subsidize the maintenance of infrastructure for low-density suburban style developments. Utility and general infrastructure maintenance costs are easy to overlook when considering patterns for new development. While the initial cost of infrastructure may get passed more directly upon the developer and therefore the user, the maintenance costs are typically borne by the community as a whole, regardless of the pattern of how they specifically live. The life expectancy of water and sewer lines are approximately 80 to 100 years. The replacement of these utilities will cost a city approximately \$215,000 per small block. The life expectancy of the surface improvements is closer to 20 years, so every 20 years the city should spend another \$45,000 per block. At a residential suburban density, this equates to approximately \$600 per year to pay for the maintenance of City owned infrastructure in front of a single house. Whereas the residential density of townhomes would equate to \$200 per year per household; the density of HOH would equate to under \$50 per year per household. These numbers should not be seen as exact representations of costs but they do demonstrate the cost-efficiency gains for infrastructure maintenance at higher densities and the indirect subsidies that people living in sprawling environments currently enjoy.

The Regional Plan recognizes that new development patterns will have an important influence on the cost of providing essential services to the Flagstaff community. Denser infill and redevelopment is much more efficient from the standpoint of water, sewer, and stormwater management, and needs to be balanced and integrated with the place-making principles of the Regional Plan. The following goals and policies recognize this need for enhancing the City's services:

Solid Waste and Recycling

Flagstaff

Multifamily complexes struggle to divert a significant amount of their waste stream. Together, the multifamily and commercial sectors recycle only 10% of their waste. Unlike the single-family residential sector, multifamily complexes have to opt into recycling when purchasing waste collection service from either the City or a private hauler. State law also requires that private companies be allowed to compete with City to manage trash and recycling for multifamily and commercial sectors. The City does not currently require these private haulers to provide recycling service to its customers. . While many complexes choose not to provide any recycling service, most do not provide an adequate number of recycling dumpsters to reduce the inconvenience of recycling. At complexes who have opted into recycling service, education to residents is often left to property managers who are not required to provide any specific materials to residents to inform them on how and where to recycle which leads to contamination of recycling when that option is available.

Practices Moving Forward

There is interest in the community to increase our waste diversion rate. Increasing the rate for multifamily buildings will contribute significantly to the City's overall goals. Currently, City Code does not require certain infrastructure that would enable property managers and residents of HOH to recycle properly, such as separate garbage and recycling chutes, as well as dual enclosures to handle recycling and trash containers. This infrastructure is essential to adequate diversion, as it eliminates inconvenience and makes recycling one's waste as easy as landfilling it. Even if a property manager does not choose to invest in recycling service initially, the infrastructure would allow them to start an effective recycling program should they choose to make the investment later on in order to meet future diversion goals/mandates or tenant demands. Adding infrastructure, such as garbage chutes or enclosures, is difficult and costly when added after the initial construction. For existing buildings, the City could still incentivize adding more recycling infrastructure. To reduce the costs of implementing successful recycling programs, peer cities, such as Boulder, have employed grants and rebates to help reduce the costs of building extra enclosures, purchasing indoor recycling bins, and educational materials.

Another challenge to waste diversion and prevention at multifamily or HOH complexes is the frequent resident turnover, which creates a need for ongoing education. In some of our Peer Cities, property managers are required to provide specific educational material to help tenants recycle the right items in the correct place.

Energy

Flagstaff

The City of Flagstaff does not control the privately run energy and communications services. They have many of the same infrastructure challenges and limitations as water and sanitary sewer. These services often share crowded right-of-way with the City of Flagstaff or exist within their own easements. While the City does not control the infrastructure to provide these services, there is a vested interest in using them efficiently. The City currently uses the 2009 International Energy Conservation Code.

Practices Moving Forward

Buildings consume approximately 40 percent of all energy in the United States. HOH developments present an important opportunity to reduce community energy use because of the high number of residents and activities that can occur in them. Each HOH project that incorporates greater energy conservation and efficiency measures helps Flagstaff move forward in reducing overall greenhouse gas emissions. Building for efficiency reduces the end user's energy bills and helps insulate them from energy price fluctuations. Studies have shown that more sustainable buildings have higher occupancy and lease rates, and improve occupant health and productivity (SWEEP, 2010).

The City would encourage all HOH developments to incorporate renewable energy. Pre-plumbing and pre-wiring are often presented as a lower-cost alternative to installing renewable energy features during construction. These up-front efforts make future installation more affordable for future owners or residents, especially as renewable energy technology continues to improve.

Parking

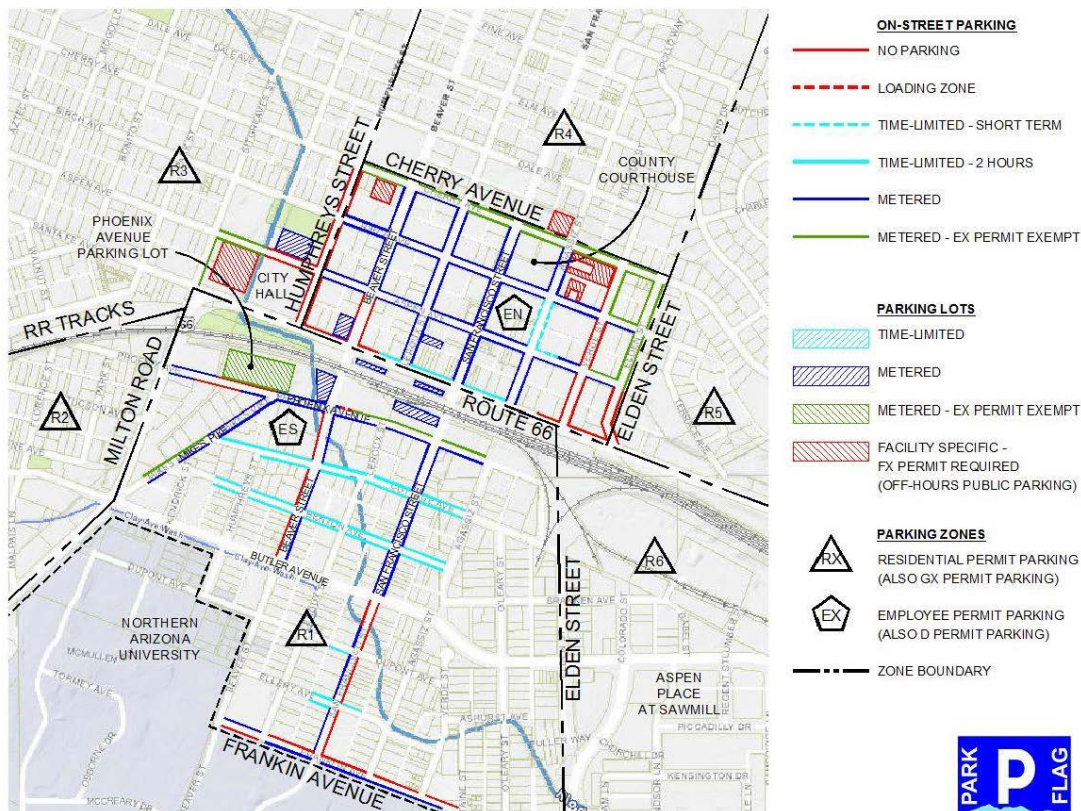
Flagstaff

Parking has been raised as one of the biggest and most complex community concerns regarding HOH developments. Parking is provided in three forms: on street, on-site and off-site. In Flagstaff, All roads except for major arterials are designed with on-street parking on one or both sides. On-site parking takes the form of surface lots or structures that allow for development-specific parking on each individual development. HOH often includes structured parking that serves commercial customers and residents in a mixed-use site. Off-site parking is public or private parking areas that serve multiple properties and business such as the parking lots in and around Downtown and the Southside.

Off-site and On-Street Parking

In 2017, the City of Flagstaff is implementing a managed parking system for the Downtown and surrounding area that can eventually be expanded to anywhere in the city where parking management is needed. The need for a comprehensive parking system has been a hotly debated topic for over 50 years. Recently, the availability of parking in residential areas in the Southside has become scarcer. A past parking consultant report commissioned by NAU stated, “Residential parking permit programs have been established in many communities across the country to manage neighborhood parking and maintain positive town/gown relations while preserving community vitality in neighborhoods in close proximity to universities.”

Map 5: Area of initial regulation for Flagstaff's new parking management program



Looking into this issue and talking with stakeholders, it became clear that the spillover parking is also occurring in the Southside commercial areas, the Phoenix Avenue parking lot, and in certain areas north of the railroad tracks. Introducing parking management in the Southside would have a predictable impact of pushing the spillover parking into other neighborhoods such as La Plaza Vieja, Townsite, and the North End. This parking program is set up so that it can be expanded at the property owner's request into these areas. The core tenets for defining a solution in developing the new parking program were:

1. Parking is a public resource.
2. Limited resources require management.
3. People park where it is advantageous.
4. All parking is paid for ... by someone.
5. No one should have an advantage over another.

In order to achieve these tenets, the Comprehensive Parking Management Plan will implement Employee and Residential Parking permits, pay stations, and eventual construction to increase the availability off-site parking in these areas.

NAU On-campus Parking

Parking for students, visitors, and employees on NAU's campus has been managed through a permit system for several years. NAU currently manages 8,827 parking spaces in surface lots and parking garages throughout campus and is adding 706 new spaces this Fall semester. Permits range in cost from \$351 per semester for students who live on campus and are willing to park in remote lots to \$585 per semester for students and employees that want a spot in a more centrally located parking garage with rates in between. On-campus parking demand for student has been low; only 25% of students who live on campus bring their own car to campus, and only 20% of students who live off campus have purchased parking and registered a car on campus.

On-site Parking

Parking strategies in the Flagstaff Zoning Code are varied depending on the zone, type of use and context. There are tailored minimum and maximum requirements for parking in Flagstaff, depending on the site's context. For conventional zones, parking is determined by factors such as commercial square footage, number of employees, and number of units. Rooming and boarding requires that there be a parking spot for each bedroom leased, while the typical residential parking requirements are close to an average of 0.7 parking spaces per unit. Site-specific calculations are based on the number of bedrooms within each unit and the need for guest and employee parking. In the transect zones, where parking management is about to be implemented, transit is frequent and readily available, and walking and biking create a "park once" atmosphere, parking requirements are lower. Each of these requirements is trying to meet different community goals. The Transect requirements are trying to create walkable, vibrant central district with a "Park Once" environment, the conventional zones are trying to ensure that automotive-oriented suburban places have available parking.

Flagstaff's Transportation Engineering Program conducted a study of parking at multifamily apartment complexes in 2016. The study found that of 11 multifamily housing developments their parking lots were on average 77% occupied. Of the properties sampled, the lowest occupancy was around 67% and the highest around 88%. The percentage of students, whether or not the units were leased by the bed, and the number of parking spaces to bedrooms did not

appear to be correlated to the actual occupancy of parking spaces. This demonstrates that not one factor or criterion determines parking demand. In fact, many of the criteria that determine the demand for parking are tied to demographic, macroeconomic or off-site physical conditions, such as employment density, cost of parking, ability to connect trips for multiple purposes into one location, availability of multimodal transportation options, and area type (McCourt, 2004). This is why desired future conditions are often a major consideration in setting parking standards, and the line between convenient and excessive parking is not easy to determine.

Practices Moving Forward

Most cities in the United States have minimum on-site parking requirements for new development in their zoning codes. However, in the interest of economics and sustainability, the trend nationally has been is to move away from minimums to establish maximum parking requirements or in some cases to eliminate on-site parking requirements for new development in favor of centralized parking garages for urban centers. In fact, the Central Business District of Phoenix and many areas that have adopted transect zoning have set no minimum parking requirements, coupled with parking management and the provision of public and private parking garage that are centrally located and serve the entire area. The reason for this shift is that “minimum parking requirements subsidize cars, increase vehicle travel, encourage sprawl, worsen air pollution, raise housing costs, degrade urban design, preclude walkability, and exclude poor people” (Shoup, 2012). Free parking is in-fact, not free but a subsidy for one mode of transportation. There are costs to build and maintain it, and there are opportunity costs because parking consumes so much land. These costs are passed on to all residents of a city not just those that drive cars, either through taxes for the cost of maintaining parking infrastructure or more parking costs in construction get passed on the homeowners or renter. While taking away space that could be used for more development, further increasing the cost per residence constructed, and makes housing less affordable. In areas with smaller lot sizes, parking requirements can also lead to lot consolidation as a small lot may be cost ineffective to develop and it reduces the feasibility to re-use existing historic buildings.

When parking requirements are regulated through the Zoning Code, they must be tied to criteria that can be applied to all parcels within a zone because of the uniformity requirement found in almost every State’s statute. For this reason, parking standards are typically set a in a zoning code and then a set of performance-based reductions may be applied based on criteria known to influence parking demand, such as proximity to transit.

What makes the evaluation of new mixed use development unique is that it frequently is located in order to be transit oriented and to take advantage of area types and off-site factors that reduce parking demand. A 2017 study of five transit-oriented mixed-use developments found that they generated “many fewer vehicle trips than ITE publications estimate, and used less parking than many regulations require for similar land uses” (Smart Growth America, 2017). Activity centers from the Regional Plan should in the future have varying degrees of transit-oriented features. Some activity centers have them currently and new development is expected to enhance these features, and some need to transition significantly in order to achieve the plan goals.

Another reason that parking requirements are a difficult policy decision is because they are largely based on assumptions based on the last 70 years of transportation trends. At the same time, new technologies, such as real time parking and traffic data, teleworking, ride sharing, and automated vehicles, are disrupting those economic and behavioral models. Therefore, a parking

standard that is adequate today may be too much or too little in the future. Therefore, parking regulations and management need constant consideration and fine-tuning. Not just for High Occupancy Housing but for all uses.

Higher on-campus parking prices have a largely positive impact at the community level, when they are combined with programs to promote transit, bicycle, and pedestrian use. This combination can lower the overall personal vehicle trips to and from NAU's campus and thus off-setting the need and cost of additional capacity associated with NAU's growing enrollment. In addition to reduced infrastructure costs and traffic impacts, these policies increase the use of public transit, and promote public health through active commuting choices. For instance, transit through NAU's campus has the highest ridership in the local system, and many bicycle commuters in the City use trails and paths on-campus to get to other destinations. Like the water conservation measures the City used to offset the impacts of population growth, parking management can be one of several tools use in the management of traffic impacts. Therefore, reducing the price of on-campus parking is more likely to increase traffic impacts on the community than to reduce them.

Transportation

The transportation network in Flagstaff exists to facilitate the safe, effective, and efficient movement of people throughout the City. The completeness of connections and the availability of choices is one of several factors that influences travel behavior. Other factors to consider are technology, land use, and economics. The choices that a City makes about its transportation system can create community and wealth or create inequality and hurt public health. This section of the Site and Area Analysis will address how the relationship between these factors have manifested in Flagstaff, and how High Occupancy Housing can influence this system of transportation, land uses, and travel behavior.

Flagstaff

Transportation Network

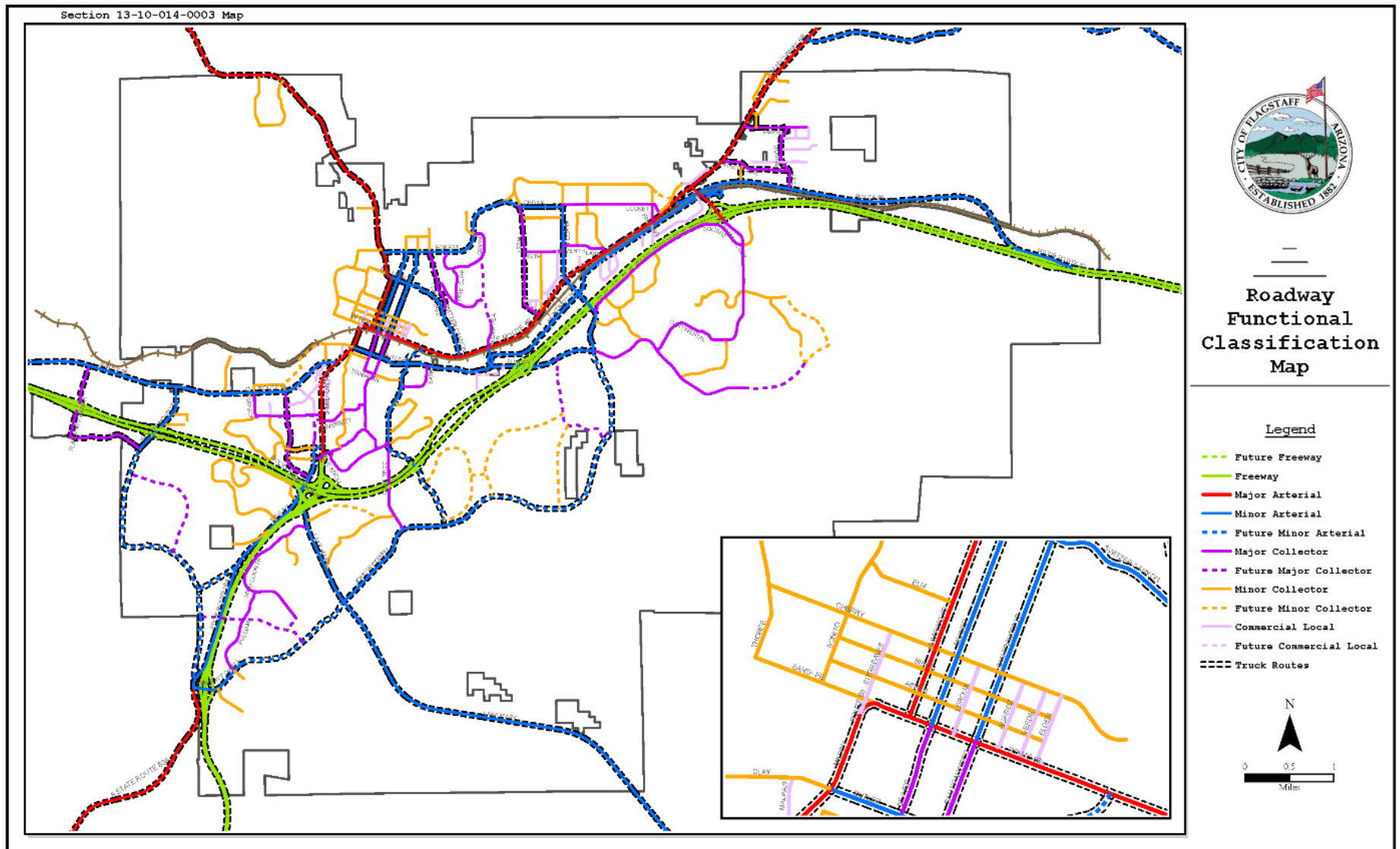
Roads and Automobile Travel

The network is composed of roads, alleys, trails, and sidewalks. Roads are classified according to their capacity, speed, and the size of the area and diversity of uses they collect traffic from and deliver traffic to. Arterials are the largest roads in the network. In Flagstaff, the majority of arterial roads are built and managed by the Arizona Department of Transportation. These roads are constructed and designed according to the State's standards and are not subject to local authority or plans. Collectors and local roads in Flagstaff are managed by the City. They collect traffic from smaller roadways and deliver them within the City or to larger roadways for regional travel. Local roads provide direct access to land uses in suburban areas and have lower traffic volumes and often lower connectivity.

Construction and reconstruction of all roads and supporting in the City are guided by the standards in the City of Flagstaff Engineering Design Standards and Specifications. In this part of the City Code, Flagstaff has a series of cross sections for use with new development that depend on the planned functional class and setting of each proposed roadway. Cross-sections are illustrations of the uses within the public right of way and how much space each constructed feature takes. Each functional class has a standard location and width for elements such as automobile lanes, bike lanes, on-street parking, landscaped parkway, and sidewalks. These standards can also consider the land use context, such as standards for Transect zones and commercial centers.

The older and/or more constrained parts of the City contain numerous custom cross sections that have evolved over time and do not conform to the current standards because of limited right-of-way or other land use constraints. Compromises are therefore necessary in areas of redevelopment, where the automobile lanes and/or sidewalks may be narrower than the standard, there are blocks without street parking, or there is no dedicated bike lane.

Map 6: Roadway Functional Classification Map from Flagstaff's Engineering Design Standards and Specifications



Engineering Design Standards

Effective Aug. 20, 2015



Figure 17: Picture of Milton North of Butler shows examples of constraints for road widening projects

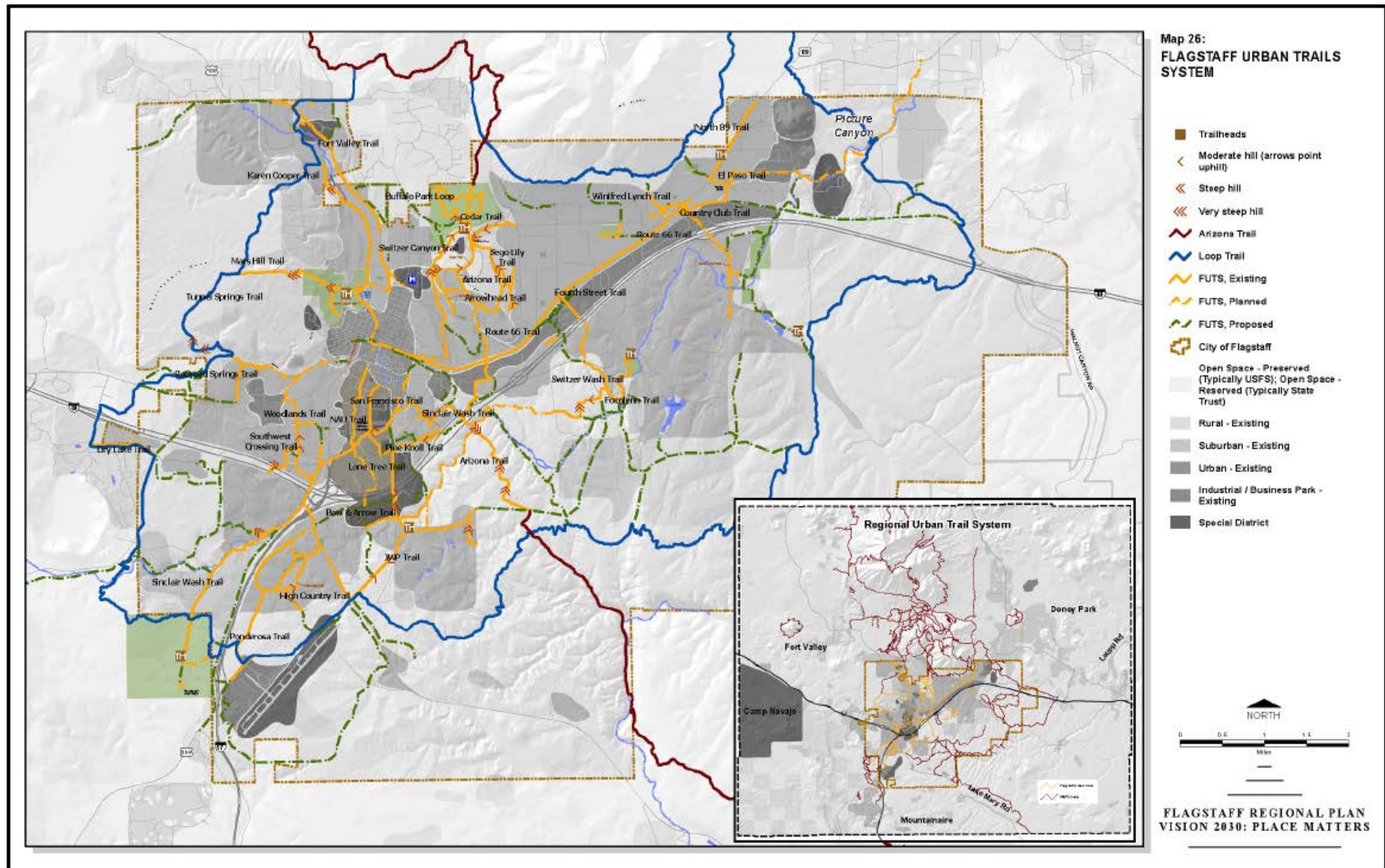
Bicycle, Pedestrian and Transit Infrastructure

Flagstaff invests in all modes of transportation especially walking, biking and transit in recognition that providing a choice of modes for travel and supportive land use patterns serve the most residents in our diverse community.

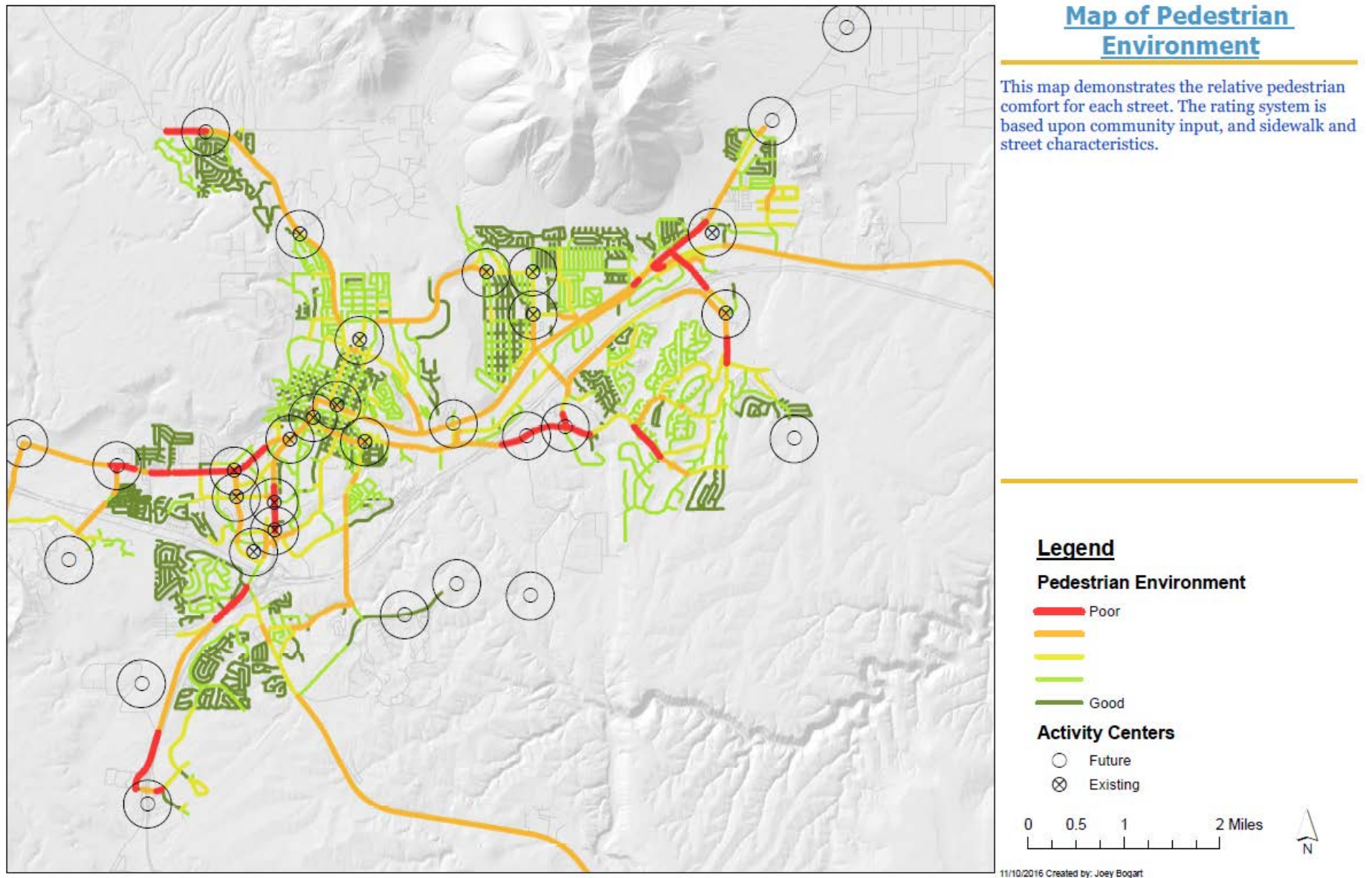
Flagstaff public streets contain more than 130 miles of bike lanes. In addition to the on-street bike lanes, Flagstaff has an extensive and unique system of multi-use paths called the Flagstaff Urban Trail System (FUTS). Overall, there are 56 miles of FUTS that provide intercity access and recreation opportunities. While the City of Flagstaff continues to make gains in its bicycle infrastructure, there are gaps or areas that are not comfortable for the beginner or intermediate bike commuter. Flagstaff's challenging terrain can also be a hindrance toward additional bike infrastructure. 74 more miles of FUTS and nearly 50 miles of on-street bike lanes are currently planned or proposed.

The City of Flagstaff has nearly 300 miles of public sidewalks, but has identified 60 miles of missing sidewalks along major streets. Certain neighborhoods and especially the area in and around Downtown Flagstaff work are comfortable for pedestrian travel, because sidewalks are often wider, separated from the street by a landscaped parkway, and part of a highly connected street grid. There are pockets of comfortable pedestrian travel outside of Downtown, notably within most residential subdivisions. However, while Downtown's mix of uses allows many tasks to be accomplished by foot, many other residential areas only facilitate walking as a recreational pursuit. In a 2014 survey of pedestrians, no or missing sidewalks or difficult crossings were the top reason that walking in Flagstaff was considered uncomfortable. Even a short distance of uncomfortable or seemingly unsafe infrastructure can be enough to discourage walking and biking to or from a nearby destination. This has the indirect effect of increasing short personal vehicle trips.

Map 7: Map of FUTS from Flagstaff Regional Plan 2030



Map 8: Pedestrian comfort index map

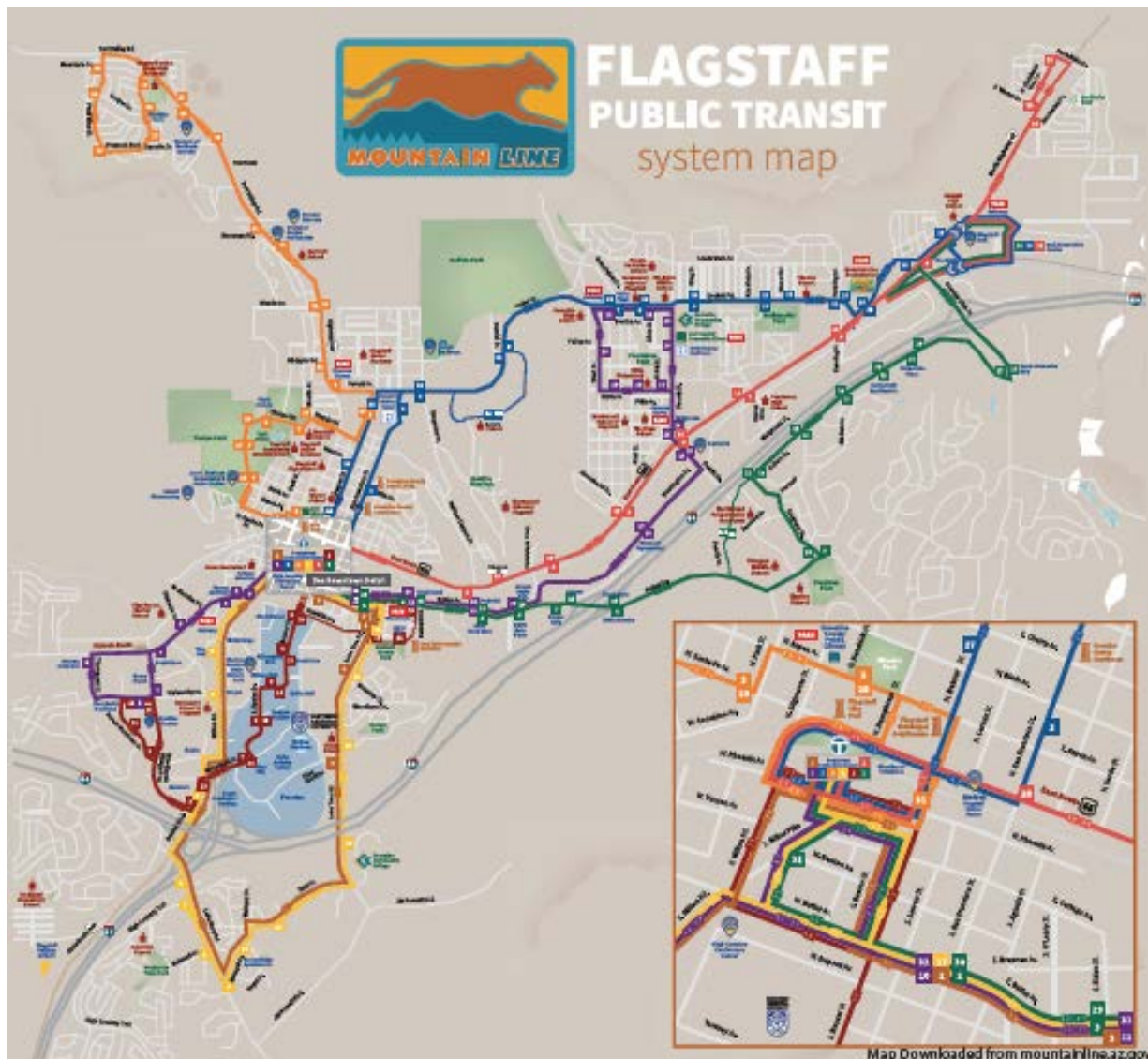


Flagstaff's fixed-route transit systems transported approximately 2 million riders in 2016. The Northern Arizona Intergovernmental Public Transportation Authority (NAIPTA) operates Flagstaff's fixed-route systems of Mountain Line and Mountain Link (Route 10) and the direct-service system of Mountain Lift. There are currently eight different fixed-routes with varying frequencies.

Table 1: NAIPTA Fixed Route Transit Routes and Frequencies

Route Number/Color	Peak Frequency
Route 10/Maroon	8 minutes
Routes 2 and 4/ Blue and Gold	20 minutes
Routes 3, 7, 14 and 66/Green, Purple, Brown, and Red	30 minutes
Route 5/ Orange	60 minutes

Map 9: Map of NAIPTA-operated fixed route transit system



Travel Behavior

People traveling by automobile is the dominant form of transportation in Flagstaff, accounting for approximately 95 percent of all miles traveled. According to 2012 trip diary survey, approximately 25% of all trips in Flagstaff do not use a personal vehicle. This is because of the strong infrastructure investment in the core of the City and on NAU's campus for walking and biking, and the connectivity and comfort of the sidewalk network. The miles traveled overall by personal vehicle are still a high overall percentage because vehicles are still relied on to make longer trips. The fact that infrastructure investments in Flagstaff can influence travel behavior is

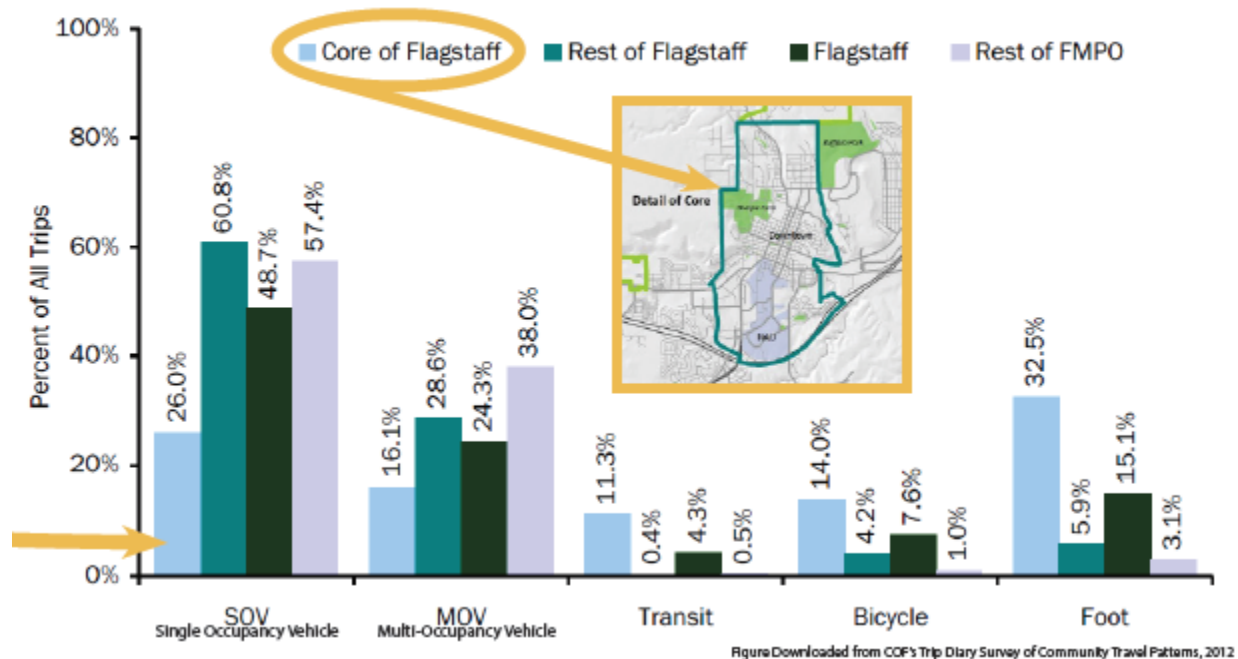


Figure 18: Modal share of all trips by area of residence, 2012 Trip diary survey

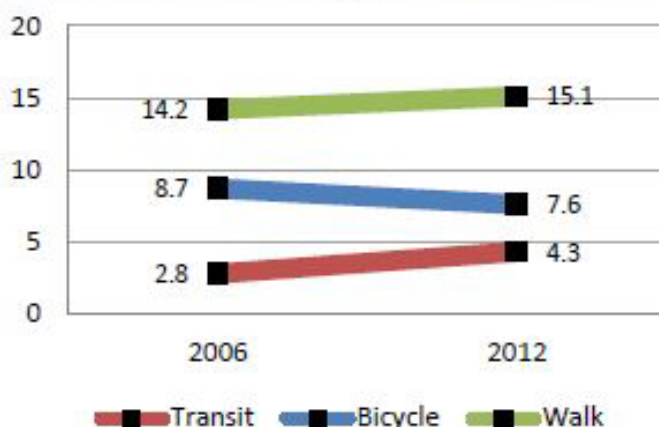


Figure 19: Mode share of all trips for Flagstaff, 2006 & 2012 trip diary survey

Another measure by which the region has seen some progress in shifting travel behavior from personal vehicles to other modes, vehicle miles traveled per capita per day has dropped from 21 miles in 2007 to under 17 miles in 2016. Within the core of Flagstaff, only 26 percent of trips are with one person driving alone as compared to nearly 61 percent of trips being someone driving alone within the rest of the City. The percentage difference is primarily made up of with a higher percentage of transit, bicycle, and pedestrian trips (See Figure 3).

Currently, the City, County, and several employers have strategies to reduce the number of trips generated by their visitors and employees and to manage the availability of parking. By far NAU has the most sophisticated and comprehensive program in Flagstaff. NAU's practices include:

1. Provide all employees with an Eco Pass to incentivize ridership of NAIPTA
2. Provide all students access to and financial support for the operation of NAIPTA Route 10 – over 800,000 reduced trips annually
3. Enterprise Car Share Program
4. Zimride – encourages students to carpool across town or across the country
5. Van Ride program for county residents traveling to campus
6. Bike Library Program – free to all students, faculty & staff
7. Bike registration to assist owner if a bike on campus is lost or stolen
8. Bike Lockers and covered/secured bike storage
9. Arizona Shuttle – Convenient campus stops
10. Parking Permit Pricing incentivizes the use of TDM strategies (only 20% of incoming freshmen bring a car to campus)



Figure 20: NAU FUTS Trail

In comparison to the cost of a parking permit, NAU makes the cost of providing these services and in many cases free for student's faculty and staff. For instance, bicycle lockers and enclosure are located throughout campus and can be obtains for \$15 for an enclosure or \$30 per semester for a locker. NAU also has made specific infrastructure changes to promote other modes of transportation, such as managing vehicle access points on campus, having bus only lanes for NAIPTA and LOUIE buses, standardizing the design of its bicycle lanes, and provides secure bicycle storage on campus. The trail system through NAU is also highly connected to the City's Flagstaff Urban Trail System (FUTS), which benefits students living off-campus and bicycle commuters throughout the City. Because of these

practices, NAU has reduced the congestion impact of its growth on the Flagstaff community in a manner that local government and other employers could successfully model. These programs have been expanded for the last 10 years, and have contributed to the growing percentage of walking, biking and transit trips in Flagstaff (see Figure 19).

The introduction of parking management in Flagstaff is also encouraging other employers and the Downtown Business Alliance to take action on reducing the number of vehicle trips generated by employees. For instance, the City has issues bus passes to all City employees as a means of reducing the demand for parking at City Hall.

Transportation and Land Use Connection

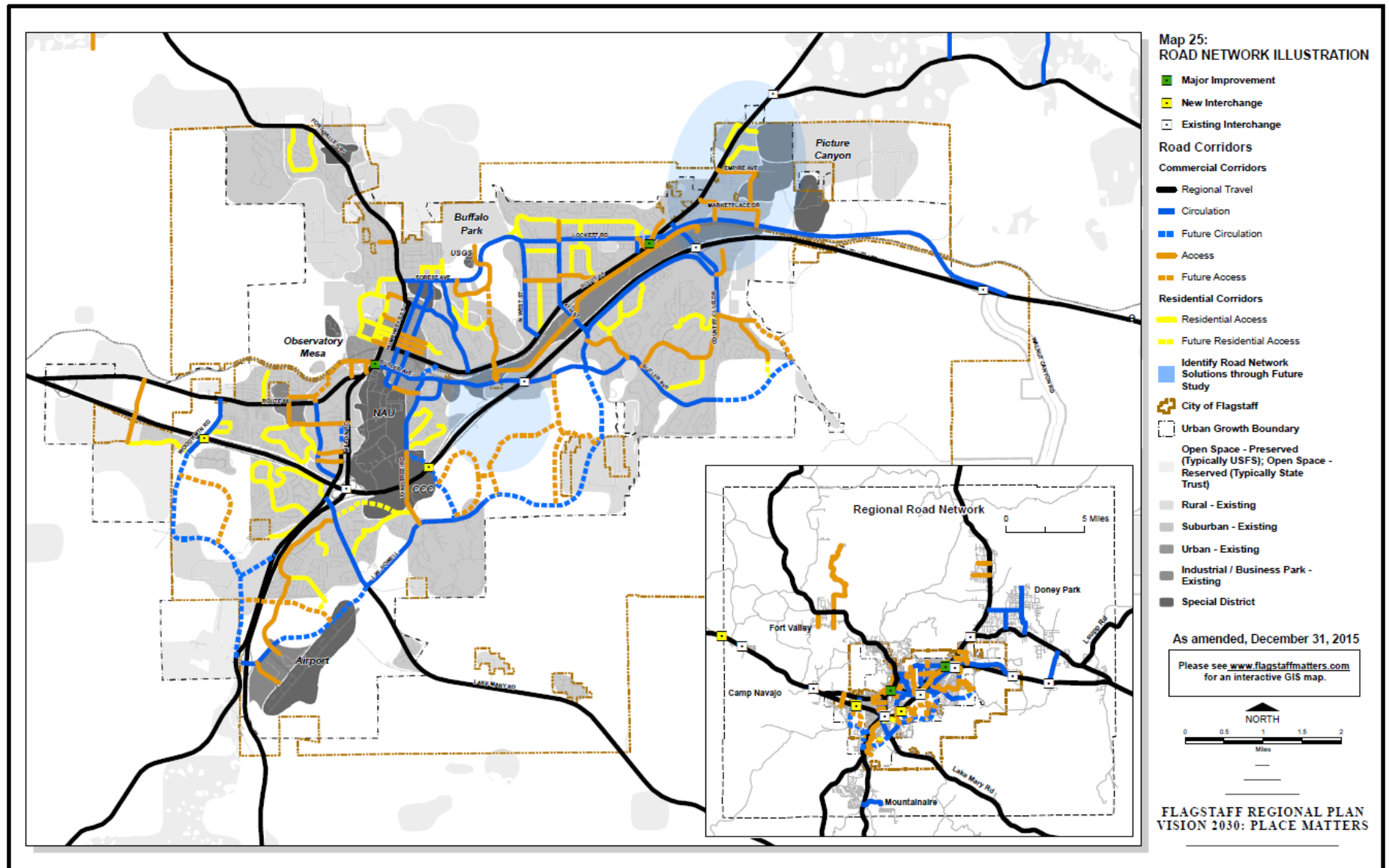
The Flagstaff Regional Plan 2030 identifies a complete and connected roadway network (Regional Plan Map 25) that can support a compact land use pattern that supports the efficient use of infrastructure and the preservation of open spaces within and around the community. The land uses and transportation maps rely on the assumptions discussed under the Planning and Land Use and Essential Services sections of this chapter. Denser infill, compact development, and investment in providing alternative transportation choices offset demand for vehicle trips and therefore, demand for new infrastructure. If investment and performance of these systems underperforms, the need for new and wider roadways would increase. New roads to increase system connectivity and support new development are essential.

Traffic Impacts of New Development

The City of Flagstaff requires evaluations by a development to have new development pay a “fair and roughly proportional share” for necessary infrastructure improvements related to their transportation impacts. A traffic study is performed before any development can break ground. For developments that generate few new peak-hour vehicle trips, the analysis focuses on existing or anticipated special conditions such as being next to a school, or traffic problems near the site that may be aggravated by the development. These developments typically do not have impacts on the street system that require mitigation. This is typically the case for infill and redevelopment projects with uses similar to previous uses, and for developments that create very little new traffic, regardless of the mass, bulk, and scale of the building. For example, a 3,000 square foot dentist office can be expected to create approximately 11 trips during the PM peak hour per the *ITE Trip Generation Manual*. This spreads out to be approximately one car every fourth signal cycle at the businesses entrance. Therefore, this type of developments only need to show that they would create little or no new traffic and address any existing or anticipated special conditions or problems near the site, and that is the end of their study. However, when a development creates over 100 vehicle trips during a peak hour, as typically will be the case for large-scale HOH developments, the City of Flagstaff requires a detailed Transportation Impact Analysis (TIA) to evaluate the surrounding transportation network with the new development’s expected trips.

This more detailed study evaluates the existing traffic data to set a baseline for the roadway network. Generally using the *ITE Trip Generation Manual*, new traffic is predicted based upon the proposed development’s size and uses. This new traffic is assigned to the existing roadway network based upon existing and expected patterns. Then the predicted traffic performance conditions are analyzed and compared to the existing conditions. Roadway performance is primarily evaluated based on Level of Service, which is a measure of delay ranked from “A” to “F,” where an “A” is free-flow traffic, and “F” is forced flow (jammed traffic). Typically, whenever an analysis demonstrates that the Level of Service drops below a “D” for a certain movement or intersection, the development must implement one or more mitigation measures to improve that movement’s rating to at least a “D.” Additionally, mitigation will be required if any hazardous safety patterns are noticed. Common mitigation measures include adding a new travel lane, turn lane, or traffic signal. It is important to note there are legal limits on the type and extent of improvements that can be required from new developments based on a TIA. The City must show the development’s impact caused the need for the required mitigation. The size or cost of the mitigation must also be roughly proportional to the size of the impact.

Map 10: Future Road Network Illustration from Flagstaff Regional Plan 2030



In urban and mixed-use areas, there will be a significant percentage of trips that are not taken via an automobile. These trips are deducted from automobile trips in order to avoid over designing the automobile component of streets. This saves space and money and prevents an overly auto-centric street that is typically unfriendly to other modes in terms of comfort and safety. While the analysis for some developments includes pedestrian capacity, Flagstaff's current methodology for TIAs does not require capacity analyses for pedestrian, bicycle and transit trips though these are sometimes requested of the developer. The analysis is not typically done because the City lacks the tools and information to do them accurately.

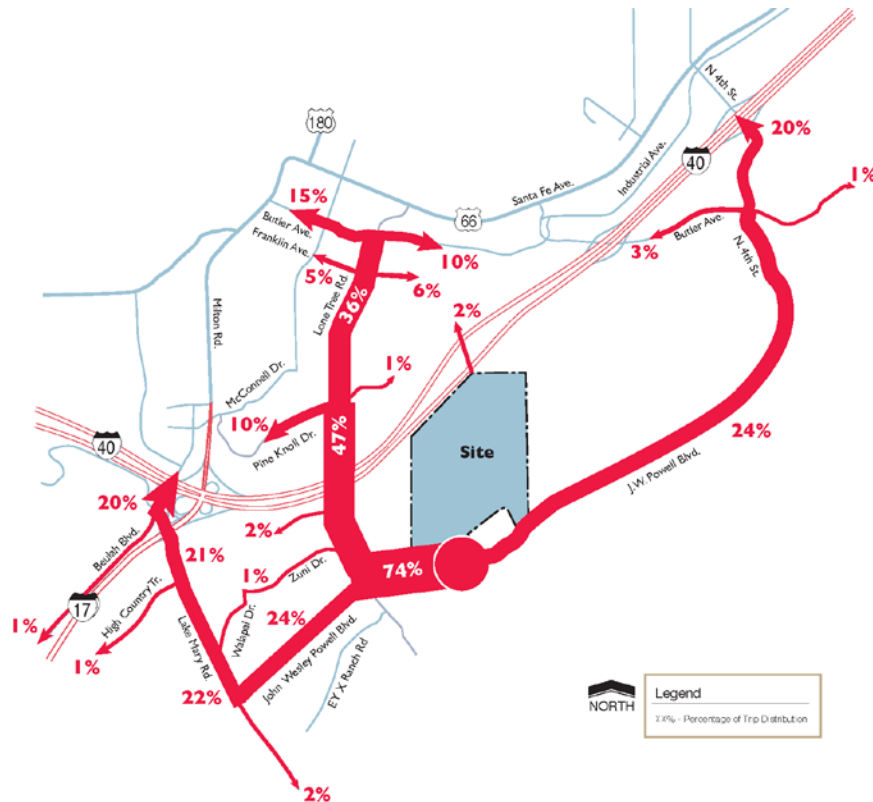


Figure 21: Illustration of trip distribution of vehicle trips in a Traffic Impact Analysis

The TIA typically focuses on a more qualitative analysis of access, connectivity, and continuity for pedestrian, bicycle, and transit. For instance, transit trips can only be deducted if transit already exists nearby. The potential for a new development to make a route modification or new route feasible is not modeled into the overall transit network as part of a TIA. Even where a new development will add passengers to an existing route, the impact typically is not quantified or mitigation identified in the TIA. Bike trips typically are assessed for access to a connected network of trails and bike lanes, since it is rare that the number of bike trips exceeds the capacity of a lane or trail. A development may be required to eliminate a gap in a bike lane serving the development so long as the TIA demonstrates the need to close the gap is related and proportional to the development's impact. More often, there is not a gap but rather it is desirable to improve the quality and comfort of existing bike lanes. This is the type of infrastructure improvement for which it is harder to demonstrate a direct impact caused by the new development. The City cannot compel a developer to upgrade existing facilities unless the development creates additional bicycle demand beyond what the current facility can

accommodate. Similar to the bike infrastructure, new development can be tapped to close gaps in sidewalk connectivity or be asked to bring it up to a standard in the case of older infrastructure, but it is now difficult to prove that an existing sidewalk is undersized because of the new development.

Practices Moving Forward

A primary concern surrounding HOH is additional density's effect on the City's transportation network. While many concerns are framed specifically around automobile traffic, transportation needs to be viewed as the efficient movement of people and not just automobiles. It is recognized that bringing more people to any area will bring more demand on the existing transportation network. However, where people live, work and play within the City, and the overall facilities and infrastructure available to them will have large effects on transportation choices. Therefore, overall automobile traffic in the street network. This section will discuss ways that organize automobile traffic better and ways to make other modes more appealing.

Transportation Network

In Flagstaff, traffic congestion, experienced in slower speed and travel delays for automobiles, exists during certain times of the day on arterials near the Downtown area, and on peak tourism weekends. Long-term potential solutions to automobile congestion are evaluated primarily through the Flagstaff Metropolitan Planning Organization's (FMPO) long term planning documents such as the Regional Transportation Plan. Long-term solutions broadly include increasing the connectivity of the roadway network, such as new freeway interchanges and bridges, and encouraging all other modes of travel besides a personal automobile. The region gets some direct money for these improvements but the majority of these connectivity improvements are expected to happen through public and private partnerships.

In order to allow or even promote their use, walking, biking and transit needs to be prioritized within the right-of-way. A complete street is one that allows for all modes of transportation. It is important to create complete streets as a component of the entire transportation network. A wider sidewalk directly in front of a single development can improve the pedestrian environment right there and provide opportunities for the private realm to interact with the public realm in the form of outdoor café seating or something similar. It is also important that it connects to other comfortable pedestrian infrastructure or else walking does not actually function as a mode of transportation. Similarly, a bike lane needs to connect to other bike lanes and a transit stop or even dedicated transit lane needs to work with the overall system or else these improvements are aesthetic enhancements and not real gains in transportation efficiency.

In order for HOH development to contribute to the goals of developing complete and connected activity centers, the City will need updated road cross sections and design standards. Staff will also need clear policies and decision-making tools to prioritize modes in areas of constrained right-of-way, and tools to promote high quality improvements. This may require reconsideration incentives used to promote walkability and complete streets. The right treatments for a given right of way, site, or land use context may vary depending on the needs of the system and the desired outcome, and so new standards need to take trends such as shared economies and the ability of technology, such as smartphones and intelligent transportation systems, to create efficiencies in the transportation system.



Figure 22: NAIPTA's Mountain Line Fixed Route Service

NAIPTA is in the preliminary stages of implementing more frequent routes as Flagstaff grows. While it will greatly lessen the burden to travel across town via transit, the time and distance for a bus to travel from one end of town to the other is still a barrier. Therefore, NAIPTA is also considering the need for bus facilities that give transit an advantage to travel more quickly through intersections and other dedicated transit infrastructure.

A more frequent route will give the rider the convenience of not having to plan when they want to travel and therefore encourage increased ridership. However, it will still

take over 30 minutes to get across town compared with approximately 15 minutes by a personal vehicle. A 30-minute commute can be seen as normal for most people in larger cities and may be acceptable for commuters once per day. However, this time spent traveling will be less appealing for trips other than a single commute, such as school drop off or appointments on the way to and from work. Therefore, other daily or weekly amenities need to be present near activity centers for the HOH development type to incentivize alternative transportation choices.

Travel Behavior

In addition to designing the infrastructure to promote alternative modes of transportation, cities and partners can manage the use of existing infrastructure network in a way that reduces its demand. This approach is called Travel Demand Management (TDM). Common TDM strategies include shuttle services, carpools, telecommuting, shifting work hours, car share programs, bike share programs, parking pricing, and anything else that may contribute to fewer vehicles on the road network at any one time. A large HOH development will have the ability to manage a package of these options for their residents.



Figure 23: Example of Bike Share Station

Travel Demand Management is a series of strategies that are designed to improve the reliability of the transportation system by creating choices for how to travel and incentives to bolster the use of alternative transportation systems (FHWA 2017). Rather than adding to the supply of travel lanes and signals in response to growth TDM can coordinate private and public sector efforts to ensure an effective and reliable transportation system for everyone.” The Flagstaff Metropolitan Planning Organization’s Blueprint 2040 Plan recognizes that “The region should invest in more formal and coordinated travel demand management

activities.” The City can work with partners to expand programs already in place, and

particularly to facilitate expanding the programs implemented on campus to off-campus HOH sites that serve students and the larger community.

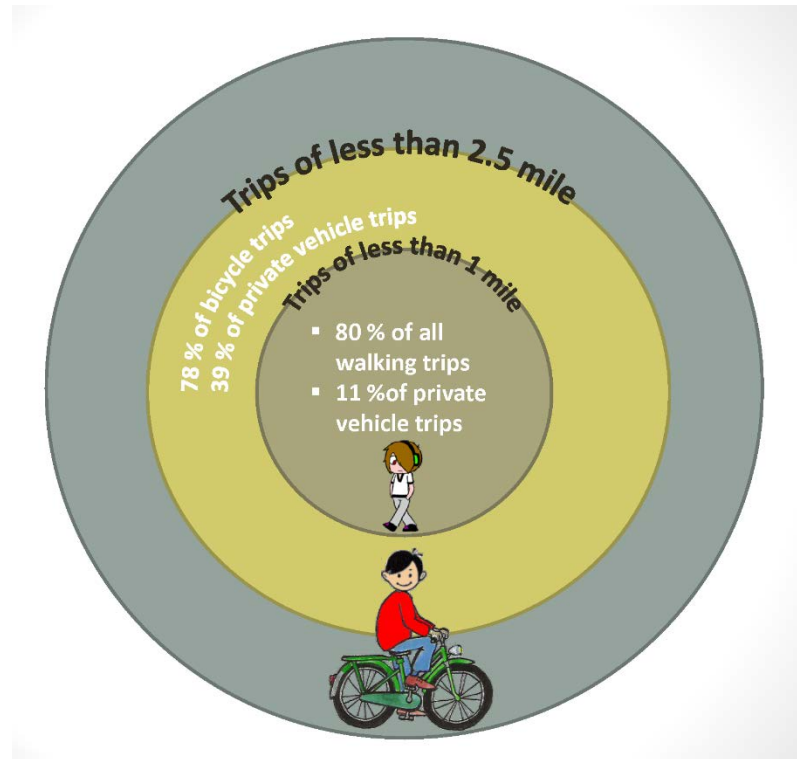


Figure 24: Illustration of the potential to shift personal vehicle trips to pedestrian and bicycle trips

The simplest concept to help lower the burden on the transportation system is to travel shorter distances. When travel distances are short and appropriate infrastructure is in place; walking, biking and transit become convenient, and often the best options. The City of Flagstaff's 2012 Trip Diary Survey of Community Travel Patterns directly shows this convenience in the resultant mode choices of the core of Flagstaff, as discussed in the Flagstaff section. Shorter trips are more likely to be walking trips. In fact, up to 80% of trips, less than one mile would be walking trips, if safe and comfortable infrastructure exists to support it. Therefore, HOH development when located in a well-served and walkable activity center is more likely to capture

walking trips for the day-to-day needs of residents and can help reduce the per capita vehicle miles travels for the City.

Expansion of frequent reliable transit is another opportunity to take advantage of the location and intensity of HOH development, because transit can be an effective means of commuting and taking longer distance trips, thus further influencing the travel behavior of HOH residents.

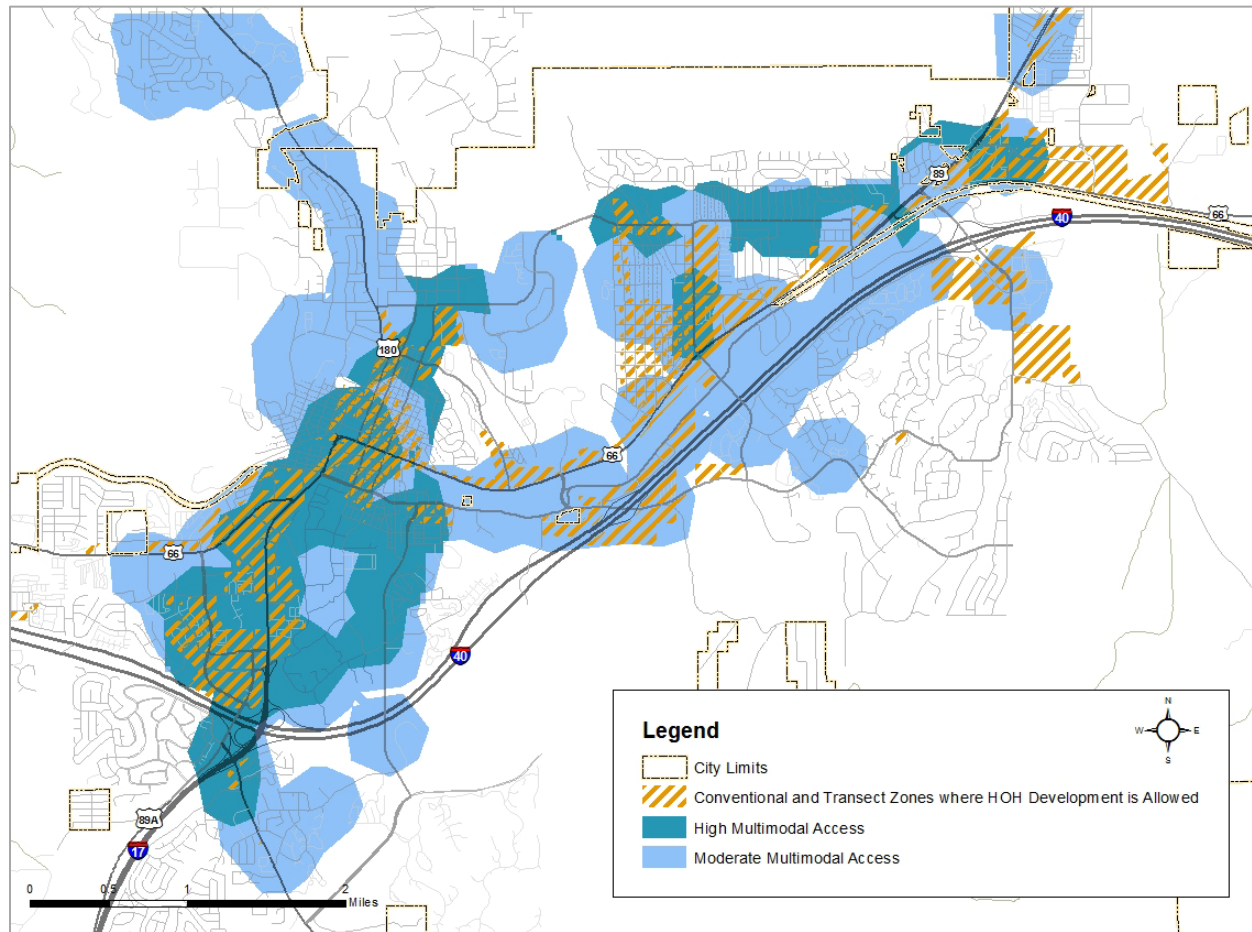
Transportation and Land Use

One idea posed during public meetings about High Occupancy Housing was “downgrading” the activity center for Downtown Flagstaff from a “regional” to a “neighborhood” activity center. In addition to proximity, transportation efficiency is dependent on the system’s overall organization. The downtown or central business district’s intensity, organization, and access can be of particular importance in increasing the efficiency of the entire transportation system. Even with similar overall densities, cities with a more defined and mixed-use center have less traffic. For example, San Diego and Philadelphia have similar overall densities, but Philadelphia has a more defined, intense, and mixed use central city than San Diego has, whose downtown is one of several mixed-use activity centers. Philadelphia has 25% less vehicle miles traveled than San Diego, as a result of this difference in the pattern of development (Troy, 2012). There are a couple of major reasons for these efficiency increases. First, even if someone does not live downtown, if it is still the primary activity-center for a city, it will often be a destination still for work and/or play. Therefore, for those that do not live near a strong downtown, once there they will have opportunities to accomplish multiple tasks. Second, if it is predictable that people living away from downtown will often travel toward downtown for many reasons, roadways and especially transit can orient themselves around this pattern. 30 to 60 percent of commuters to major commercial centers use alternative modes of transport vs. 5 to 15 percent elsewhere (Littman, 2014). In fact, the 2016 Flagstaff walking and biking survey showed that Downtown Flagstaff is the location most cited as being a good place to walk (City of Flagstaff, 2016). It was a more popular answer than Buffalo Park or the Flagstaff Urban Trail System. For a City that prides itself on its natural resources, this shows that activity centers have the opportunity to be equally as effective in promoting public health and alternative transportation choices. Therefore, downgrading downtown’s importance is expected to result in a net increase in automobile trips. Since the city center is usually constrained in its ability to expand transportation capacity, this would also be expected to result in increased congestion.

There is a large unmet demand for residential options near high quality fixed-line transit systems. One-fourth of Americans want to live near quality fixed-line transit systems but currently, only one-tenth of the population has the option to do so (Nelson, 2015). Access to desired locations via transit needs to be fast and convenient.

Previous locations chosen by developers of high density, mixed use projects across the nation (see NAU Housing section). When living in smaller apartments or condos and without constant vehicular access, the neighborhood ideally functions as an extension of one’s residence and as such, the neighborhood needs to have numerous walkable amenities. A pocket of amenities is the concept of an activity center. Some of these amenities can be realized by the housing development itself, as seen at the Aspen Place development. Others can evolve nearby over time but isolated pockets of density that are not located in highly walkable and connected neighborhoods will not create enough demand for a full range of services that reduces reliance on personal vehicles. This is because of the ability to access the services comfortable and the number and concentration of “rooftops” needed to support a diverse and active commercial environment.

Map 11: Multimodal Access Analysis



Multi-modal ready HOH locations

Throughout public involvement on the HOH Specific Plan, the relationship between walking, biking and transit and these developments has been raised. The multi-modal access analysis is a composite score of the current maturity and completeness of the network for walking, biking, and transit in the City of Flagstaff. The map shows areas with mature and highly connected systems. These areas may still need additional improvements to accommodate HOH but they are the most “ready” from a transportation perspective at this time. In areas of moderate access, connectivity or transit services are constrained. Investments in service or projects to address large connectivity barriers may be needed if an HOH project were proposed in these areas.

Updating TIA standards by setting required Levels of Service for alternative transportation modes can insure that development pays its fair and roughly proportional share of these needed infrastructure improvements.

Overly large blocks can be especially difficult to navigate through or around while walking or biking. Blocks are typically small within the center of Flagstaff, making connections between points direct. However, blocks are often very large in much of the City's suburban environments. These larger blocks do not create much inconvenience for automobiles but the distance a pedestrian or bicyclist may have to go out of their way can add significant time to their journey. For example, there are several half-mile stretches of large roads in Flagstaff that do not have pedestrian crossings. A person having to go out of their way to cross these streets will add 10 minutes to their walk, which likely discourage some people from walking short distances to access services. Maximum effective block sizes, at least for pedestrian and bike traffic, can greatly increase these mode's appeal in these areas. Mid-block crossings of large roads may be especially appealing if they are grade separated.

Moving forward, an updated TIA process should include level of service requirements that are specific and appropriate to pedestrian, bike and transit and the ability to analyze impacts against those standards. This is an area of the TIA that the City staff has been striving to improve over the last several years. In coordination with the FMPO, the City participated in a peer review of its TIA practices. Funding is being sought to implement the recommendations regarding necessary tools and information. This likely includes how to fairly require HOV development to contribute to the operational needs for transit. In order to proceed in this manner, there needs to be clear and consistent policy direction from the City Council, FMPO and NAIPTA and a good understanding of what can and cannot be required of new developments. It bears repeating that the necessity for a TIA required mitigation to be directly related and proportional to a development's impact limits the ability to require upgrades to existing infrastructure with this tool. Other methods, tools, and funding sources may be needed to achieve desired upgrades.

Housing Affordability

Flagstaff

The cost of housing in the city of Flagstaff has long been considered high relative to the rest of the state. National forest lands, the extent of infrastructure, and natural land formations constrain our current supply of developable land. This limited supply increases the cost of land and housing within city limits. When a single family home is built on valuable land, the home price reflects that, which in turn excludes most first time buyers of that home. In the last few years, the price of single-family vacant lots within the City of Flagstaff have often exceeded \$100,000. When these conditions persist over time, the City is left with a majority of renter households: 55% rental and 45% ownership as of 2016. Expensive housing conditions seem to exist in Flagstaff regardless of fluctuations in the real estate market. Even at the peak of the economic downturn in 2009, Flagstaff's median home price was less impacted and recovered sooner than the housing market in the Phoenix Metropolitan Area.

Flagstaff residents – both students, individuals and families – are further challenged with greater housing demand than the market is currently supplying. Rental prices have risen sharply in the years following the Arizona Board of Regent's goal of increasing the student population at NAU. In the last three years, the average rent for a two bedroom apartment rose from \$1,200 in 2015 to \$1,427 in 2017 (HSNA, 2015-2017). Consequently, Flagstaff experiences year round competition for single-family homes and apartments at a time when the economy is only recently capable of producing new units.

Flagstaff's housing challenges are not necessarily unique. Confronting the increasing cost of living and housing shortages continue to be a national issue, with no clear path forward for the nation's struggling communities. The City of Flagstaff's Housing Section works to improve local housing affordability in several ways, alongside the efforts of several non-profits and agencies:

1. Providing affordable home ownership opportunities via a Land Trust Program;
2. An owner-occupied rehabilitation program;
3. Development incentives that aim to increase the number of new affordable rental and ownership units;
4. Administering the Community Development Block Grant (CDBG), which historically funds local housing non-profits.

Practices Moving Forward

It is currently illegal for cities in Arizona to require affordable housing contributions from new developments (also known as inclusionary zoning). Flagstaff's current program is voluntary and is most often used in cases that require a discretionary approval like a rezoning, as a negotiated benefit to the community. Peer cities in most states do have State-level legislation that permits the requirement of affordable units or at least no prohibition against it. As of 2107, only Arizona and Texas have legislation that outright bans municipalities from adopting a mandatory inclusionary zoning ordinance. Eventually the state of Arizona may look to these communities for guidance in creating such legislation here, but until that shift occurs, Flagstaff must continue using other methods to encourage affordable housing development.

Asking for infill and redevelopment in Flagstaff's busy activity centers will be one of the ways the City can move on affordability. Redevelopment of existing properties into HOH could be an incentive to developers who would forego the high cost of installing new infrastructure in under – or undeveloped areas of the city. As mentioned in the Economic Development section, using HOH as the vehicle to house the city's workforce is a critical path forward for greater affordability in Flagstaff. Existing and future employment centers will rely on the densities and efficiencies that are possible with HOH development.

Furthermore, increased density allowances are one of the most common and effective ways cities attract affordable units. With the most recent zoning code rewrite, density bonuses were uncapped as an incentive to get more mixed-use development in Flagstaff, thereby lessening the impact of the existing affordable housing incentives. This Plan proposes that, with some adjustments to the zoning code, the City will regain the effectiveness our affordable housing incentives. Instituting a density cap on mixed-use developments may lead developers to the unit increases available to them if they provide affordable units.

HOH development benefits are further enhanced by their proximity to transit and amenities. A concentration of multi-modal transportation options and services is more likely to occur within commercially oriented districts, such as a downtown or near a university, which often benefit from a walkable environment. Typically, lower density single-family neighborhoods and other areas on the periphery of town do not enjoy such variety of public and private amenities.

Economic Development

Flagstaff

The City of Flagstaff's economic development efforts are generally focused on opportunities for wealth creation by individuals and the community, workforce attraction and development, and attraction and expansion of primary sector industries, such as manufacturers and exporters of goods and services, science/bio-science industries, start-ups, and entrepreneurial ventures. Housing costs and choice for the city's workforce has been a particular concern for the community's employers for the last several year. Post-recession demand for housing grew faster than the market's ability to develop land and new housing units, limiting the ability of local firms to attract talented individuals and to retain existing employees. In 2016, the Economic Cooperative of Northern Arizona began a study of these conditions that will be published in the next few months.

Workforce housing and the ability of Flagstaff to retain and enhance a high quality of place and employers can be part of the community benefit provided by High Occupancy Housing developments. First, the shortage of available and attractive housing for the workforce is influenced by the demand for housing for NAU students. These two demographic groups are competing within the same housing market. So long as the supply of land and units are constrained, the costs for both groups will continue to rise. HOH development provides an opportunity to more quickly increase the housing supply in areas of town that are attractive to new residents, because of their proximity to transit and other amenities. This shift can also free up other types of housing to meet workforce demand. Second, HOH development includes new commercial and office spaces that can be harnessed to support economic development. Retail economic development efforts recognize the maxim that retail development follows residential rooftops. An HOH development immediately provides a clientele for new retail spaces. These spaces can also support economic development beyond retail and provide space for arts, cultural and local food sectors. The City has no connection to recruiting HOH, but it recognizes the opportunity to help guide it in a way that is financially beneficial with other economic development efforts.

Practices Moving Forward

Primary sector jobs and industries have many indirect connections to HOH. The classic economic development goals revolve around providing quality jobs, creating individual, and community wealth. These good jobs provide increased earnings for city residents that in turn provide more revenue back to the city. Historically, these jobs get recruited-for by different cities offering incentives or selling the amenities that will help those businesses succeed. More recently, companies have also chosen to locate where their employee talent wants to live, and increasingly, this talent is looking for vibrant neighborhoods containing a mix of uses. This concept is referred to as "quality of place."

Even though Flagstaff has many elements that contribute to a high quality of place, housing supply and lower densities can counteract some of the outstanding values that the City uses to attract and incubate new business and attract high paying jobs. Many firms in Flagstaff, including the City government have reported that job offers are routinely turned down because of the cost of housing in the community. However, increasing housing at the expense of quality

of place is not the community goal. New housing needs to contribute to the housing supply, vibrant neighborhoods, and the economic well-being of the entire community.

Vibrant neighborhoods should not be seen as only an amenity that exists to compliment industry after work hours but as a component, that enhances innovation. . Jane Jacobs, the journalist, author and urban study activist stated that new ideas are formed by combining old ideas, and that urban diversity is the key to innovation. Ford's most innovative period was while it was still in central Detroit where it could get more immediate feedback. Only after the success of the Model T did it move its production to the suburbs in order to have more land (Glaeser, 2009). Urban environments that have a high "quality of place" provided dynamic and participatory built and natural environments (Florida, 2012) Density is one component of these innovative environments because it increases the diversity of people and vibrancy of place but density alone does not maximize the agglomeration of ideas. Innovative places need to be walkable, have interactive public spheres, and connected in order to facilitate the informal passage of ideas, arts and culture that all build off one another. These concepts can be seen across history from tech ideas spreading over dinner in Silicon Valley to shading techniques in Renaissance Florence.

Commercial development will accompany all HOH because of the City's requirements. The commercial components of larger scale developments are often composed of national chains. National chains carefully research their markets and how they can serve communities and their investors. They move into communities when they can find locations and clientele that fit their brand and can be profitable. Some retailers and restaurants have very stringent guidelines for location, size, and orientation of their space when they go into negotiations with a property owner. Other reasons chain stores so often anchor new development is their up-front capital and superior marketing outreach. When HOH developments design their commercial space for large national companies only, it can make it harder for a local business to contribute to the economic vibrancy and place-making of the new development. A local business is more likely to look for smaller, flexible spaces that fits their needs, frequently found in existing buildings. Downtown and other traditionally developed commercial districts offer many opportunities for the re-use of a building for many different types of businesses. On the other end of the spectrum, there are very few other businesses that can re-use a Wal-Mart building, and even the Flagstaff Mall has had trouble attracting local business because most of their spaces are too large.



Figure 25: Example of difference in economic impact between a traditional big box development and an urban mixed-use development

One potential best practice to promote local businesses is to require or encourage small and flexible spaces as a component of any new larger scale HOH development that are not leased before construction but instead are advertised as available during construction. HOH has a unique opportunity to promote this because these developments, while still having measurable retail components, are residential developments at their core. As such, the housing component is more of what is relied upon for overall profitability; the commercial component can often be seen as a bonus.

Creating new commercial space needs to be done with appropriate design, scale, and overall location considerations. A large and famous chain store can attract enough attention by itself to be a destination but small isolated businesses will not attract enough attention to thrive. Small and local stores can exist next to an already successful attraction or they need to exist at a certain minimum total scale for their aggregate to become a destination. The other option for smaller commercial, or mixed-use, additions is for them to exist in areas that are already successful commercial areas. Places that already get used incidentally will continue to see use and will, therefore, maintain themselves. They will also more efficiently use the City's resources for utilities and transit. It is easier and less expensive to increase capacity in an area that already has services than one that needs a complete expansion of a given service.

As much as people enjoy walking on streets activated by ground floor commercial, there is a limit to its demand and it cannot exist everywhere, especially with so much retail moving online. This limit to traditional retail further points to the design of HOH's commercial component needing to be flexible. It should be able to accommodate retail, food, drink and entertainment,

or office, as well as non-traditional workspaces that act as incubators for companies, or even facilitate the creation of goods on-site to further promote the local economy.

HOH should be continuously considered as a component of the City's workforce housing discussion. Flagstaff has a history of losing potential employees at all pay grades because housing costs too much. The lack of affordable workforce housing poses a risk of losing employees with high value skills, even as the City's overall population grows. Existing employment clusters are likely to benefit from proximate housing and the creation of new employment clusters should be considered with the overall design of HOH. Additionally, areas near existing employment centers should be considered as potentially viable locations for high occupancy housing subject to other variables.

Peer Cities

City Staff researched twenty highly livable college communities by examining planning documents, policies, regulations, zoning codes, and third-party information. Staff also conducted personal interviews with planners and university liaisons from the identified peer communities. Based on findings, six focus cities were selected that are experiencing concerns similar to Flagstaff including growth, density, housing shortages and affordability. The peer cities include Ames, IA, Boulder, CO, Bozeman, MT, Corvallis, OR, Fort Collins, CO, and Tempe, AZ.

Ames, IA

Ames is a Midwestern college town with a similar population size as Flagstaff and a student body that comprises over 50% of the residents. After years of stagnant enrollment, in 2010 student population at ISU surged by 8,000. Since then, the city has been unable to keep up with housing market demands in spite of the addition of 800 beds per year. High occupancy housing has generally been constrained to Campustown commercial area, directly across from Iowa State University, but there has been significant redevelopment of small-scale apartments to high density. In light of development, City Staff created a Residential High Density Matrix to help the City Council think about the context of each apartment development and how it aligns with Ames' General Plan policies and goals.

Boulder, CO

Boulder has a booming local economy, a compact downtown as well as a plethora of new comers. With little vacant land left in the city limits, most of Boulder's growth will occur through redevelopment. Twenty percent of new residential development is required to be permanently affordable for low - and moderate-income households because of an inclusionary zoning ordinance adopted in 1999. Boulder recently initiated 2016/2017 Housing Boulder Action Plan to help mitigate housing problems. The plan includes high-level objectives such as addressing housing issues as part of comprehensive plan update, developing a middle-income housing strategy, and preserving existing affordable housing.

Bozeman, MT

Similar to Flagstaff, Bozeman is the regional hub, County Seat and surrounded by National Forests and Parks. Given the limited housing options outside of Bozeman, the city has grappled with near-zero rental vacancy rates and soaring rents in the face of population growth. The city has been adding nearly 2,000 residents a year inside city limits. Bozeman's selected commissioners have tended, in recent years, to take a favorable view of higher-density housing developments and zoning changes to support them.

Corvallis, OR

Corvallis amended their Development Code and created a university neighborhood overlay (UNO) in December 2014. The UNO protects the character of neighborhoods within proximity of the OSU campus by limiting the scale of new development in proportion to lot size. Most recently, in June 2016, Corvallis completed an Urbanization Study in order to inform the community's land use needs and policies over the next 20-year planning period (2016-2036). The four key components of the study include Buildable Lands Inventory, Housing Needs Analysis, Economic Opportunities Analysis, and Land Sufficiency.

Fort Collins, CO

“In 2010, during the planning effort of Plan Fort Collins, it was apparent there was and is a need to address the student/multi-family housing supply. Fort Collins has and is experiencing an increase in population, a limited supply of multi-family housing, very low vacancy rates, and challenges with addressing neighborhood concerns with proposed development projects. These factors drove the need for development of strategies to help facilitate adequate housing supplies while identifying the infill issues upon existing neighborhoods” (City of Fort Collins). As a result, the Student Housing Action Plan (SHAP) was adopted in 2013.

Tempe, AZ

While Flagstaff does not strive to be a Tempe, staff thought it important to understand how Tempe and ASU are managing growth and affordability. Furthermore, ASU and NAU are managed by The Arizona Board of Regents and both cities must adhere to state legislation. As of January 2012, Tempe had approximately 4% vacant land remaining, making new multi-family and/or residential development very difficult and expensive. Therefore, the city faces challenges in providing residents with a variety of affordable housing opportunities.

Key Findings

When comparing Flagstaff to peer cities, key findings include:

- A considerably higher percentage of students live on campus in Flagstaff.
- It is common for Universities to have growth goals or mandated growth even with an undersupplied housing market.
- Housing and transportation costs are disproportionately high relative to wages in Flagstaff.
- Density is comparatively low in Flagstaff
- Flagstaff has more land already zoned for large mixed use building
- Lessening density or lowering building height standards is uncommon in peer cities
- Changes to design criteria and evaluation of projects is common
- Peer cities advocate multimodal transportation via bike share, car share, and U-Pass
- Peer cities tend to employ inclusionary zoning which is not legal in Arizona

Chapter 3: Concept Plan

The Concept Plan is an illustration of the land use and transportation concepts in the document with accompanying descriptive text. The Concept Plan does not encumber private land or limit the ability of a private landowner to develop in accordance with their current zoning or City standards. It is intended to help with the interpretation of the Plan's goals and policies.

Vision from the Regional Plan

The Greater Flagstaff community embraces the region's extraordinary cultural and ecological setting on the Colorado Plateau through active stewardship of the natural and built environments. Residents and visitors encourage and advance intellectual, environmental, social, and economic vitality for today's citizens and future generations.

This vision for the Flagstaff community has been revised and refined since the City adopted its first Growth Management Guide in 1990. It speaks to what the community values and what assets it wants to protect. Numerous trade-offs are embedded within these values. In order to preserve our extraordinary ecological setting, the community must avoid sprawl. To protect social and economic vitality, it must be diverse and affordable. To enhance the lives of future citizens, we must be willing to change and grow. Behind all of this, the stewardship of the built environment is the key to accomplishing these outcomes.

The challenge of addressing mid-rise buildings and high occupancy housing is central to these values. These buildings present an opportunity for a sustainable, affordable, walkable community and a challenge to preserving cultural and neighborhood character. The Regional Plan provides a framework for supporting mid-rise buildings in activity centers; however, the current zoning allows for these buildings in a much larger area, including several historic neighborhoods, such as Sunnyside, La Plaza Vieja, Southside, and North End. This concept plan and the associated goals, policies and strategies, are designed to improve the outcomes of mid-rise buildings in the built environment of activity centers and elsewhere, where they are already permitted.

Activity Centers

Goal LU.18 Develop well designed activity centers and corridors with a variety of employment, business, shopping, civic engagement, cultural opportunities, and residential choices.

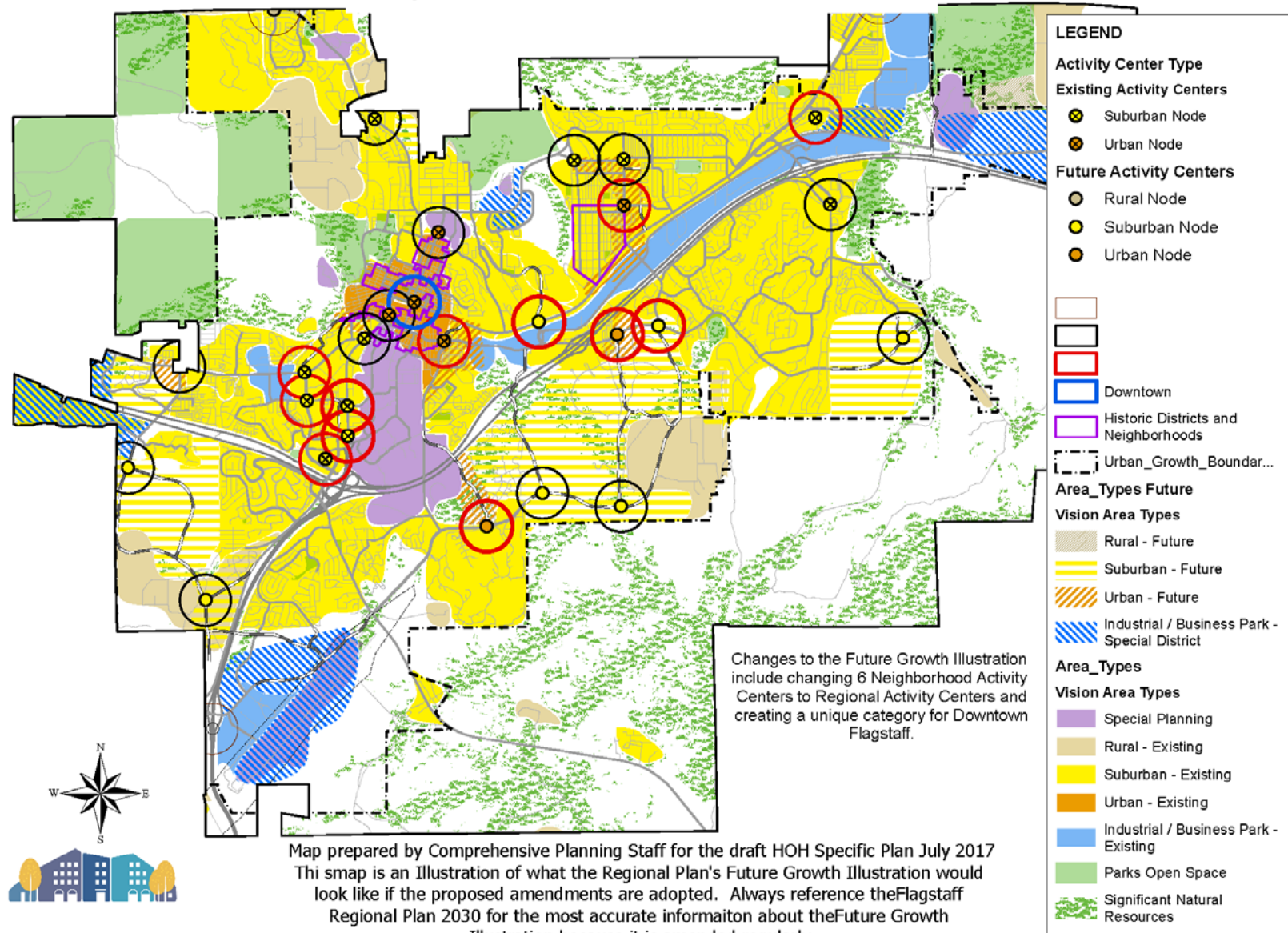
Mid-rise buildings and increasing population within activity centers is important for supporting a walkable center that integrates the mix of uses described in Goal LU.18. The Regional Plan supports the construction of mid-rise buildings within the commercial core of an activity center and diverse housing choices with some commercial in the pedestrian shed of the activity center. The commercial core and pedestrian shed can be defined in a number of ways depending on the pedestrian connectivity and physical barriers of an area. For example, the topography of McMillan Mesa, the railroad, and Butler Avenue constrain the walkability and connectivity that can be achieved at the activity center on Ponderosa Parkway and Route 66. Currently, there are

no residential units in this activity center, and this activity center provides one of the few areas between the east, and west sides of Flagstaff. This activity center like many others has many challenges and opportunities in its future development. Illustrations and goals cannot account for all of these complexities but they can be used in problem solving and understanding the competing values that may influence how an activity center is developed and how it can or cannot incorporate HOH.

Concept Plan Map 1

Activity centers are categorized as Urban, Suburban, or Rural to describe the character of their built environment and Regional or Neighborhood scale to describe their reach in the regional economy. Currently, the language in the Regional Plan supports HOH development of any size in all of the activity centers that are categorized as Suburban or Urban. Under Goal 2 of the HOH Specific Plan and the accompanying Regional Plan amendments, large-scale HOH development would be supported only in Regional Activity Centers, of which there are currently six. The Plan also recommends changing six additional activity centers from Neighborhood to Regional scale. These activity centers are all located close to I-40, which allows them to take advantage of the transportation capacity of the freeway to access the larger community, and are located along major arterials. Another recommendation of Goal 2 is to distinguish Downtown from other regional activity centers and to emphasize its unique characteristics, especially its historic resources. This recommendation does not eliminate the possibility of HOH development Downtown, it only seeks to manage the scale and compatibility of it to protect the historic features of the central business district. The HOH Specific Plan also recommends that the commercial core is the appropriate place for mid-rise buildings and that parcels that do not have frontage on a commercial corridor should not be developed for mid-rise buildings.

Proposed Future Growth Illustration



High Occupancy Housing Site Design

The updates to the Regional Plan proposed as part of the Concept Plan could only be considered in discretionary decisions on rezoning and annexation cases, and changes the Zoning Code. There are many parcels within the City limits, outside of activity centers, that are already entitled to build High Occupancy Housing developments. Therefore, updates to the standards and guidelines that regulate HOH developments will also be needed in order to achieve Flagstaff's vision. Changes will be needed to multiple City Codes and policies to consistently achieve the illustrations provided in HOH sites. However, HOH developers can voluntarily incorporate any of the site development suggestions in these illustrations to better adapt their plans to the built environment in Flagstaff. Variations from these illustrations can be considered in compliance with this specific plan without amendment, if the proposal meets all of the requirements of the goals and policies in Chapter 3.

Concept Plan Illustrations

The Concept Plan for the public review draft has two illustrations. These may be refined and more may be developed, as a result, of public comment received during the 60-day review. A topical plan such as the HOH Specific Plan cannot account for every scenario or site consideration. These illustrations take the two types of activity centers, which are considered appropriate for HOH and examines how the combination of goals and policies described in Chapter 3 may be incorporated in each setting.

Concept Plan 2 shows an Urban Regional Activity Center setting with a variety of large, medium and small scale HOH buildings interspersed with residential and commercial buildings. Features in the public realm, such as street and alley grids, street furnishings, and civic spaces and park, demonstrate the expectation for activated and vibrant spaces in an urban setting. The location of parking and stormwater systems show what efficiencies that city may be able to achieve with the right policies, programs, and partnerships. This illustration also demonstrated the variety of building types expected in an urban setting and the transition from the core of the activity center to the pedestrian shed.

Concept Plan 3 shows a Suburban Regional Activity Center setting. The parcels in this area are larger than in an Urban Activity Center but are still broken up by road and pedestrian connections. Pedestrian connects are frequent enough to mimic an urban street grid. The site still has a variety of buildings and masses buildings towards the largest street with a more welcoming entrance on the smaller street. Streets on the interior of the development provide the "main street" for shopping and residents. Future connections that would help break up a block that is larger than desired were retained. Sustainability features in the building and the availability of wider sidewalks. Larger buildings have a variety of entrances including stoops along the internal street to distinguish the residential building from the mixed-use building.

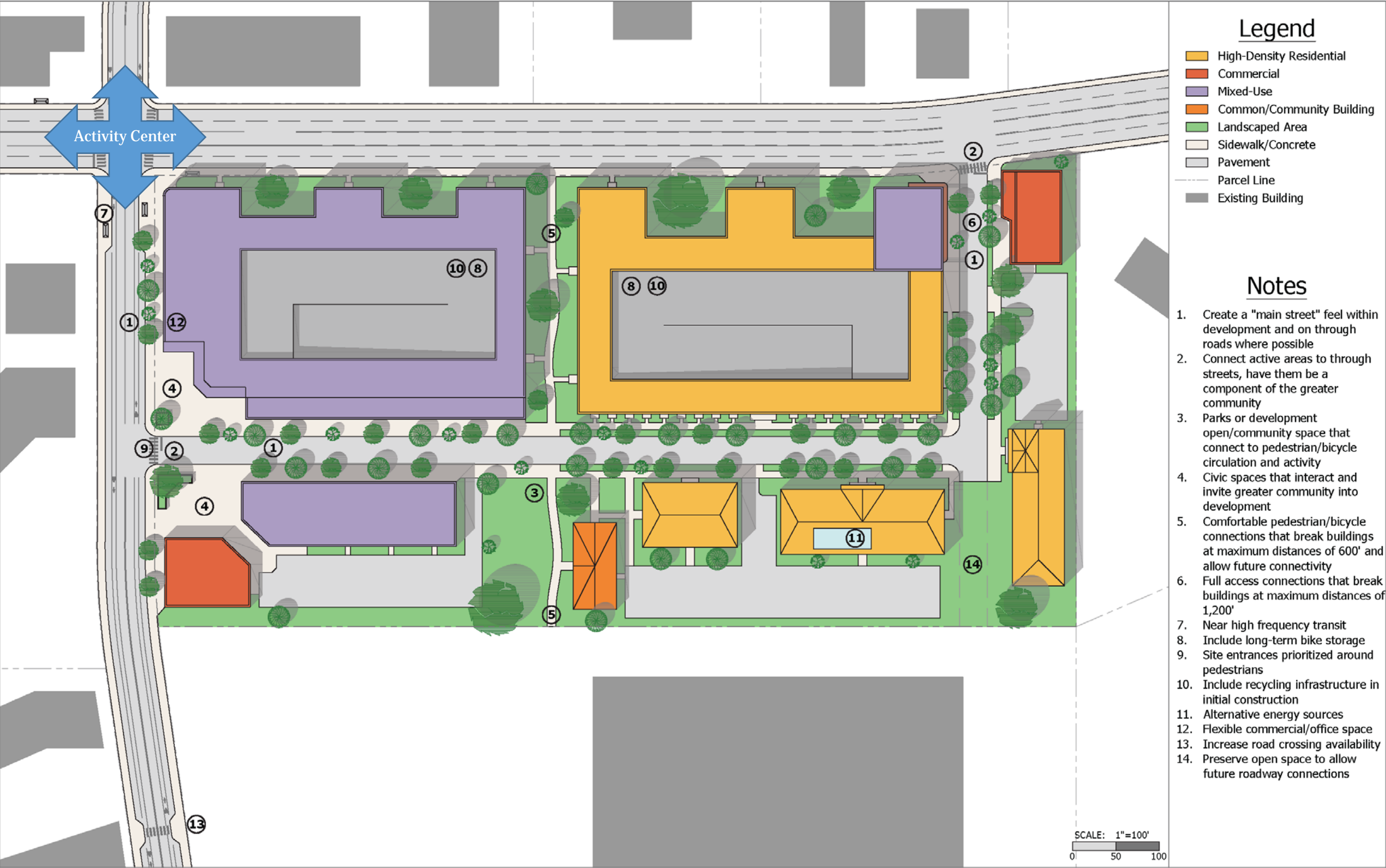
Note to Reviewers

Additional illustrations and eventually 3D renderings will be developed as public comments are received and direction from City Boards and Commissions. What other illustrations would be useful or important to include in the final draft?

Concept Plan 2: Illustrations of High Occupancy Housing in the context of an Urban Activity Center - Regional Scale



Concept Plan 3: Illustrations of High Occupancy Housing in the context of a Suburban Activity Center - Regional Scale



Chapter 4: Goals, Policies, and Implementation Strategies

COMMENTING ON THE PUBLIC REVIEW DRAFT

The goals, policies, and implementation strategies in this chapter are preliminary and subject to change based on public comments, direction from the City Council, changes in conditions, and further review by staff and partner agencies. Therefore, it is equally important to provide comments on policies that you support as those you would like to see changed or removed.

The project team has endeavored to present the best policies considered so far and a wide variety of choices for the community and policymakers. This is not an exhaustive list of all the policies considered in this process. There is ongoing review of the legal and practical implications of all of these policies, and of how they might interact with each other. Public support or lack thereof during the April focus group and May workshop were considered as well.

Please also review the corresponding proposed amendments to the text of the Flagstaff Regional Plan 2030 in Appendix B in your consideration of this work. The proposed plan amendments are intended to clarify and assist in accurate cross-referencing between the Regional Plan, the HOH Specific Plan, the Zoning Code, and the Engineering and Design

Goals and policies in the High Occupancy Housing (HOH) Specific Plan are topic specific ways of advancing the goals and policies of the Flagstaff Regional Plan 2030 (FRP30). Goals and policies in this chapter are written broadly because they are intended to be viable for a 10- to 20-year planning horizon. During the next 20 years, physical, financial, political, and social environments may change, but the goals and policies should provide consistency in the path forward for the development of activity centers and mid-rise buildings throughout the City.

All City capital projects, or rezoning, annexation, and plan amendment applications will be reviewed by City staff to determine consistency with the Regional Plan, but must also take into account any applicable specific plans. Specific plans do not change existing entitlements, and development applications that use their existing rights and comply with City standards are not subject to review for consistency with the Regional Plan. If a Regional Plan goal or policy is highlighted under, a goal in the HOH Specific Plan, then it should be weighted more heavily in future decision-making in HOH cases than a goal that is not listed in this chapter. The exception to this is if a neighborhood or corridor plan comes to a different conclusion than this topical specific plan, then that more detailed plan would take precedence unless otherwise stated in the document.

The HOH Specific Plan will be used in the regulatory decision-making process by the City Planning and Zoning Commission, City Council, and City staff, such as in plan amendments and requests for rezoning. The Commission and the Council are responsible for making development decisions such as zoning map amendments or annexations, approval of rezoning requests that depends, in part, on whether the proposed changes or projects are consistent with the Specific Plan's goals and policies. When reviewing development proposals, City staff, the Planning and Zoning Commission, and the City Council will review applicable goals and policies to determine

whether a proposed development is consistent with the Specific Plan. Implementation strategies are intended to be completed along with or soon after the Specific Plan's adoption. Once the City Code is updated, new "entitled" development applications will have to meet the new Codes.

The Concept Plan and the text of the Specific Plan will provide supplemental information for the interpretation of goals and policies. In case of any conflict between the Concept Plan and the Specific Plan's goals and policies, the goals and policies will prevail. The Specific Plan is also used to guide decisions related to the expansion of public infrastructure, for example, the building or improvement of new roads and trails, investment in parks or public buildings, and other facilities. Many initiatives to improve the community start at the grassroots level. Thus, the Specific Plan may be used by all citizens in order to advocate for new development that conforms to the Specific Plan and for assistance in implementing actions that will further the Specific Plan's vision and direction.

The headings and names of the goals are for reference purposes only and should be disregarded in interpreting the language of the goals. Maps and figures in this section are illustrative of the policies.

Policies and strategies marked with a # may be applied more broadly than HOH buildings when they are implemented and are included because they are designed to promote better outcomes for HOH buildings and the surrounding areas.

Promote HOH buildings that connect and enhance urban patterns

Goal 1: New buildings, including HOH, connect and enhance the urban patterns, especially those of the Downtown and surrounding neighborhoods. This may be achieved through the promotion of small and medium-scale buildings, historic preservation, street patterns, and pedestrian connectivity.

Relevant Flagstaff Regional Plan Goals and Policies

Policy LU.10.3. Value the traditional neighborhoods established around downtown by maintaining and improving their highly walkable character, transit accessibility, diverse mix of land uses, and historic building form.

Policy LU.12.5. Maintain rear alleys for access to mid-block parking spaces to provide an out-of-sight location for utility equipment, and to allow the fronts of buildings to be free of driveways and parking garage entrances.

Policy NH.1.2. Respect traditions, identifiable styles, proportions, streetscapes, relationships between buildings, yards, and roadways; and use historically appropriate and compatible building and structural materials when making changes to existing neighborhoods, especially in historic neighborhoods.

Goal NH.2. Look to downtown Flagstaff as the primary focal point of the community character.

Policy NH.2.3. Continue the tradition of multi-story, multi-use buildings to maintain and increase a stable, mixed-income residential population when planning new structures in the downtown and Southside neighborhoods.

Policy ED.7.5. Develop urban infrastructure that supports revitalization and redevelopment.

Policies

1. Repeat the patterns of streets, alleys, buildings, and civic spaces from within nearby historic districts or neighborhoods⁵ in the site planning of HOH developments.
2. Promote development of new alleys, in a traditional pattern for the neighborhood, to provide trash pick-up and parking access, behind the buildings, where they do not already exist in Downtown and the surrounding neighborhoods.[#]
3. Do not abandon public alleys or allow them to be fully enclosed by a building.[#]
4. Enhance the City's historic preservation and adaptive reuse opportunities through incentives and grants.[#]
5. Remove policy barriers to achieving new development patterns compatible historic districts and historic neighborhoods (See also Goal 5).[#]

Implementation Strategies

1. Allow for an administrative adjustment in the Zoning Code to the minimum commercial depth (from a 70-foot minimum to 20-foot) that can be applied to builds that are three stories or less, when ADA accessible units are provided on the first floor.
2. Change density calculations in the Zoning Code from dwelling units per acre to be number of bedrooms per acre.[#]

⁵ Historic district and neighborhoods are identified on Map 14 in the Flagstaff Regional Plan 2030.

3. Create development standards that define a small, medium, and large commercial block building (relative to T4, T5, and T6 zones); including setting a maximum building and lot width or effective lot size for commercial block buildings.



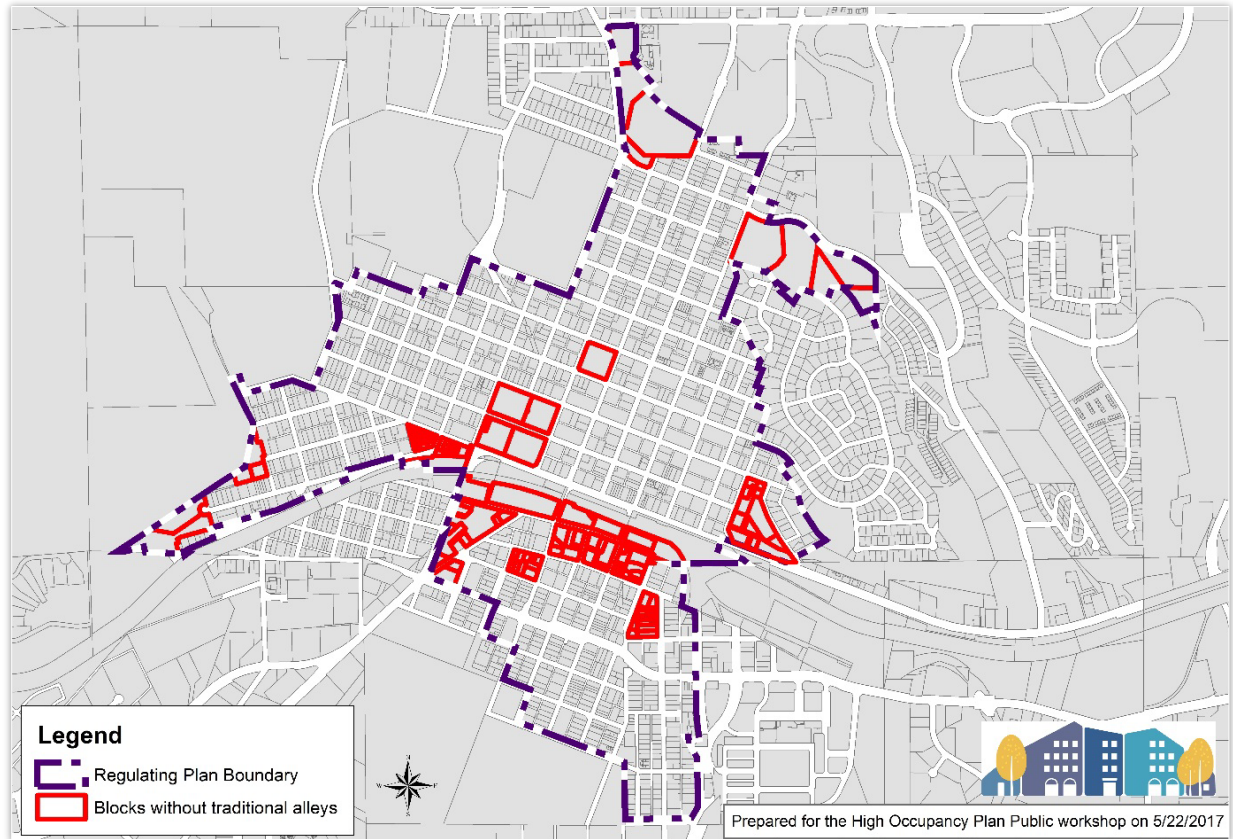
Figure 26: Example of a small scale HOH building in an urban context



Figure 27: Example of a medium-scale HOH building in an urban context

4. Develop standards in the Subdivision and Zoning Codes for the preservation and/or creation of alley networks throughout Downtown and the surrounding neighborhoods, regardless of zoning applied. Alleys should be designed for pedestrians and motorized vehicles, through amenities such as enhanced pavement materials, street furnishings, and public art. #

Map 12: Blocks in the Downtown Regulating Plan that do not have alleys



5. When the demolition or removal of a historic structure cannot be avoided in an HOH development, encourage the developer to make the building available for relocation.
6. Provide a larger grant for repair of historic structures if the structure is listed on the National Register as an incentive to protect historic structures, especially those in the flood plain. #
7. Allow parking requirements to be met through shared parking agreements, off-site parking contributions, and other methods to promote the feasibility of developing smaller parcels, where parking management programs are in place. #

Promote HOH primarily as a part of complete Activity Centers

Goal 2: HOH buildings anchor the commercial core of activity centers. Their proportions and design are tied to the activity centers type (urban, suburban, rural), scale (central business, regional, neighborhood), and proximity of historic districts and neighborhoods.

Relevant Flagstaff Regional Plan Goals and Policies

Policy LU.7.1. Concentrate urban development in locations that use land efficiently, and are served by roads, water, sewer, and other public facilities and services, and that support transit, reduced vehicle trips, and conservation of energy and water.

Policy LU.11.6. Strive for a wide variety of activities in downtown to create a healthy mix of housing, employment, shopping, cultural, and civic uses.

Policy LU.18.1. Design activity centers and corridors appropriate to and within the context of each area type: urban, suburban, or rural.

Policy LU.18.2. Strive for activity centers and corridors that are characterized by contextual and distinctive identities, derived from history, environmental features, a mix of uses, well-designed public spaces, parks, plazas, and high-quality design

Policy LU.18.14. Endorse efficiency of infrastructure with compact development within targeted activity centers.

Policy LU.18.7. Concentrate commercial, retail, services, and mixed use within the activity center's commercial core.

Policy LU.18.8. Increase residential densities, live-work units, and home occupations within the activity center's pedestrian shed.

Policy LU.18.9. Plan activity centers and corridors appropriate to their respective regional or neighborhood scale.

Goal NH.2. Look to downtown Flagstaff as the primary focal point of the community character.

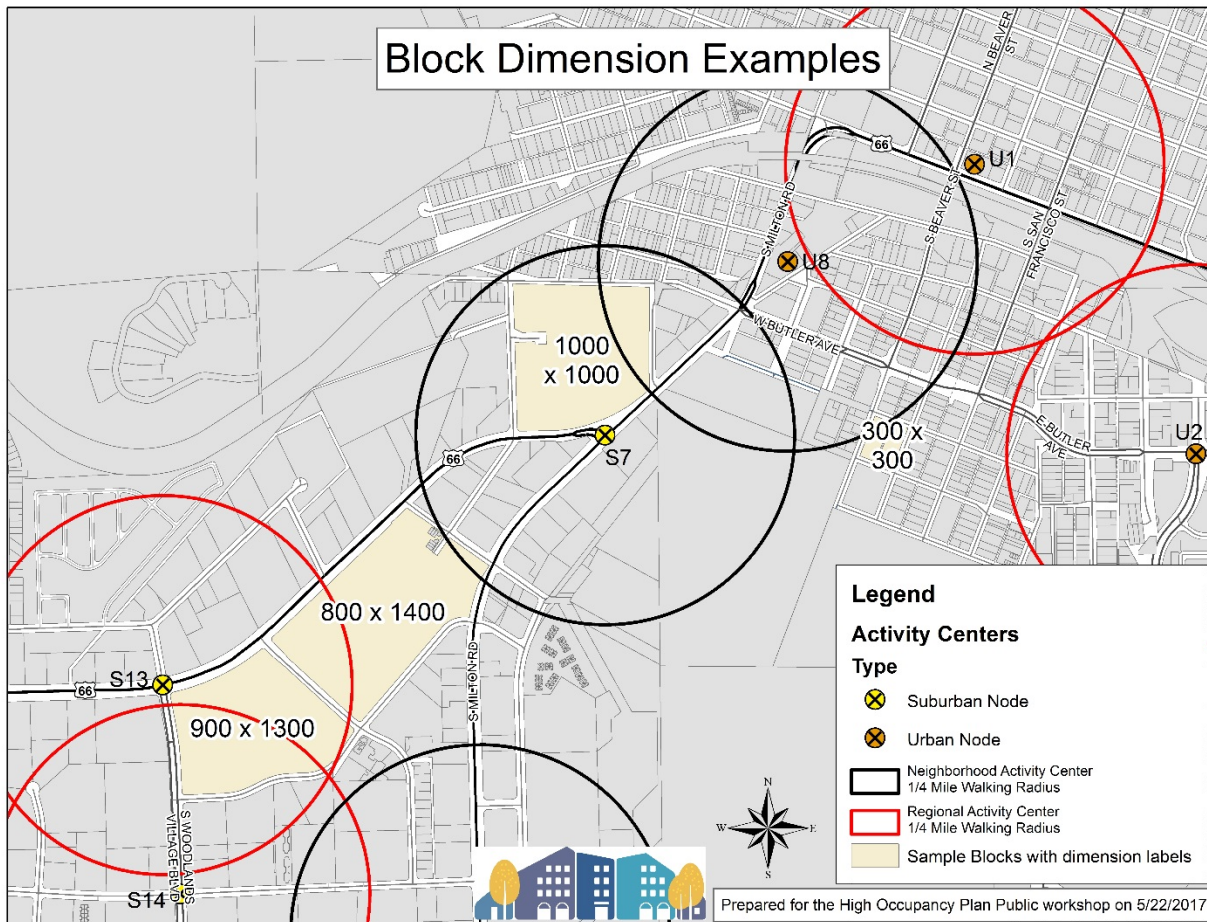
Policies

1. Rezoning properties to allow for large-scale HOH development is appropriate in the commercial core of regional-scale activity centers, when the properties are not located in historic districts and neighborhoods.
2. Rezoning properties to allow medium- and small-scale HOH buildings can be appropriate in neighborhood-scale activity centers, when they are centrally located, and can be located in the pedestrian shed of regional centers, when they address the transition between larger HOH development and the surrounding neighborhoods.
3. HOH buildings are designed to be pedestrian oriented at the street level, and to create vibrant and active civic spaces for both residents and neighbors.
4. HOH buildings interact with surrounding neighborhoods and businesses through the location of doors and windows to the street or other pedestrian environment, such as a courtyard or plaza, continuation of existing street patterns, and enhancement of existing business and cultural opportunities.
5. Discourage HOH locations that are not served by high frequency, permanent transit stops and that do not have multimodal access to Downtown or another major employment or activity center (Milton, NAU, FMC, etc.).

Implementation Strategies

1. The Regional Plan identifies an ideal block size in Urban areas but is silent on the same parameters in Suburban areas. Establishing desired block sizes is necessary to setting connectivity standards for new development and encourages unusually larger parcels to be broken up by roads, sideways and pedestrian aces. Add desired block sizes and frequency of bicycle and pedestrian connections to Suburban Activity Centers' Regional Plan descriptions (Plan is currently silent on this) to increase connectivity. #
 - a. Suburban Activity Center Block Size: 600 to 1,000 x 600 to 1,000
 - b. Lot size is variable.
 - c. Across any lot or block in an activity center, bicycle and pedestrian connectivity is generally 300 to 600 x 300 to 600 (Similar to desired Urban block size, already in the Regional Plan)

Map 13: Examples of Block Dimensions near Milton Rd. and Route 66

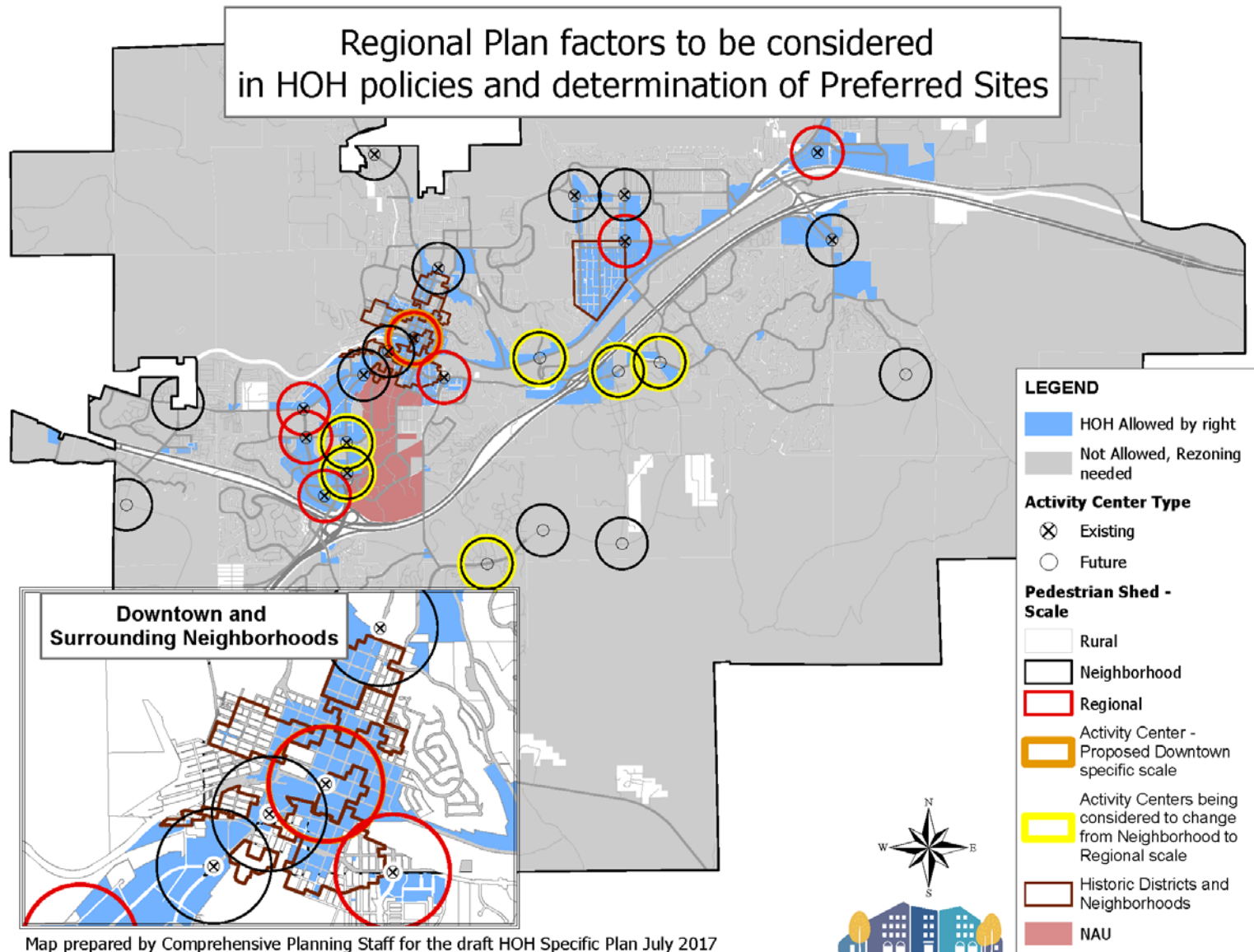


2. In order to direct HOH to locations that are acceptable to the community, emphasize that HOH is preferred in Regional-scale Activity Centers (Red). Consider changing designation of some neighborhood-scale activity centers to regional-scale (Yellow): South Milton (2), Ponderosa Parkway, Little America, 4th Street and Butler Ave, and Juniper Point.
3. Change U1 (Downtown) from a regional-scale activity center to a “Downtown” activity center to better identify its unique character and integrate its historic significance. For this activity center, consideration of LU.11 and LU.12 (Downtown Goals and Policies would trump any conflicting Goals and Policies for Activity Centers in general (LU.18). #
4. Delineate the commercial core of Downtown as any properties in the T6 or T5 transect zones. #
5. Adjust architectural design guidelines, engineering standards for streetscapes and civic spaces, and building types and façade types in the transect zones to better reflect the desired environment for urban activity centers. #
6. In the Zoning Code, create a conditional use permit (CUP) or overlay for mixed use buildings in Highway Commercial, Community Commercial, and Commercial Services zones that:
 - Have a density of more than 50 units per acre or
 - Have a bedroom density that is more than 125 bedrooms per acres, or
 - Have a site that is larger than one acre.

Note for Reviewers

We would like to hear your thoughts, concerns, or questions about what criteria should be used for a CUP or overlay, if council gives the direction to implement this strategy.

Map 14: Regional Plan factors to be considered in determination of preferred sites



Leverage HOH to create more efficient and equitable transportation

Goal 3: The creation and operation of HOH development supports increasing the mode share of pedestrian, bicycle, and transit travel.

Relevant Flagstaff Regional Plan Goals and Policies

Policy E.1.5. Promote and encourage the expansion and use of energy-efficient modes of transportation: Public transportation, bicycles, pedestrians

Policy LU.5.5. Plan for and promote compact commercial development as activity centers with mixed uses, allowing for efficient multi-modal transit options and infrastructure. Policy LU.10.7. Invest in infrastructure and right-of-way enhancements as an incentive for private investment in urban neighborhoods and activity centers.

Policy LU.18.3. Redevelop underutilized properties, upgrade aging infrastructure, and enhance rights-of-way and public spaces so that existing activity centers and corridors can realize their full potential.

Policy LU.18.14. Endorse efficiency of infrastructure with compact development within targeted activity centers.

Policy LU.18.5. Plan for and support multi-modal activity centers and corridors with an emphasis on pedestrian and transit friendly design.

Policy LU.18.16. Adopt traffic regulations to increase awareness of pedestrian-oriented design for activity centers.

Policy LU.19.4. Balance automobile use, parking, bicycle access, while prioritizing pedestrian safety along all corridors.

Policy T.1.6. Provide and promote strategies that increase alternate modes of travel and demand for vehicular travel to reduce peak period traffic.

Policy T.1.7. Coordinate transportation and other public infrastructure investments efficiently to achieve land use and economic goals.

Policy T.1.8. Plan for development to provide on-site, publicly-owned transportation improvements and provide adequate parking.

Policy T.3.3. Couple transportation investments with desired land use patterns to enhance and protect the quality and livability of neighborhoods, activity centers, and community places.

Policy T.3.4. Actively manage parking, including cost and supply, to support land use, transportation, and economic development goals.

Goal T.4. Promote transportation infrastructure and services that enhance the quality of life of the communities within the region.

Goal T.5. Increase the availability and use of pedestrian infrastructure, including FUTS, as a critical element of a safe and livable community.

Goal T.6. Provide for bicycling as a safe and efficient means of transportation and recreation.

Goal T.7. Provide a high-quality, safe, convenient, accessible public transportation system, where feasible, to serve as an attractive alternative to single-occupant vehicles.

Policy ED.7.5. Develop urban infrastructure that supports revitalization and redevelopment.

Policies

1. Adjust criteria in the Zoning Code to require better multimodal transportation performance in order to receive a parking reduction. #
2. Develop partnerships to support the City's ability to increase bike, pedestrian and transit trips for High Occupancy Housing developments, employment centers, special districts, and activity centers.

3. Improve transportation impact analysis (TIA) procedures for all scales of development to more quantitatively assess pedestrian, bicycle and transit impacts, and plan for the mitigation of impacts to these modes and the development of their respective facilities. #
4. Prioritize the safety of pedestrians and bicyclists in the vicinity of HOH developments in the design of streets.
5. Improve communication about transportation impacts to all modes for HOH developments.

Implementation Strategies

1. Only apply the parking reduction allowed in the Zoning Code for proximity to transit stops (in both directions), and when there are “complete” ADA accessible bicycle and pedestrian paths between the location and the stop. Complete is defined by continuity of an improved path, crossing, or sidewalk between the project location and the bus stop. (Currently, any development within ¼ mile of a transit stop can request this parking reduction, regardless of the connecting infrastructure’s condition). #
2. Require more short-term bike parking for all commercial development and multi-family residential. #
3. Require new HOH developments to provide enough covered, enclosed, and secured bike parking for a certain percentage of residences in the development. (Currently, a development can receive an parking reduction for installing a standard bike rack) #
4. Offer an incentive for providing more than the minimum amount of covered, enclosed and secured bicycle parking within a multifamily development in addition to short-term bicycle parking. #
5. Explore providing a parking reduction or other incentives for providing car share service and its own dedicated parking. #
6. Update Engineering Design Standards and Specifications to require a plain English summary and visuals or microsimulations to explain findings as part of the submittal in order to facilitate the public’s understanding and access to this public information for the Traffic Impact Analysis process. #
7. Update the Engineering Design Standards and Specifications with Levels of Service policies for bicycles, pedestrians, and transit (See Regional Plan amendments to Chapter X: Transportation in Appendix B). #
8. For all infill and redevelopment projects, establish guidelines for road cross-sections where the available right of way is not sufficient to meet new construction standards (See Regional Plan amendments to Chapter X: Transportation in Appendix B related to use priority). This condition is typical of Flagstaff’s historic neighborhoods. #
9. Update the Commercial Center cross-sections in the Engineering Design Standards and Specifications to be meet the desired place-making outcomes in Activity Centers. #
10. Prioritize partnerships that create improved crossings of S. Milton Road, especially grade separated ones, in order to support HOH developments in the Woodlands Village area. Other arterial road crossings should be prioritized around pedestrian and bicycle travel, and be frequent enough to discourage unsafe mid-block crossing.
11. Have NAIPTA and the City jointly create transit development standards to determine transit stop improvements, locations and funding. #
12. Adopt a coordinated Travel Demand Management (TDM) Plan for the City, NAIPTA, and other agencies that includes strategies that provide operational supports for transit walking and biking, such as bike share, real-time transit data displays, etc. #

- a. Once the overarching TDM Plan is adopted, require HOH development that seek a rezoning to include property-specific TDM strategies in their design. This would allow them to select from a menu of TDM options to achieve a minimum score or offset trip generation in the TIA.
 - b. Require that HOH developments integrate TDM strategies into their site to compensate for parking reductions.
 - c. Hire TDM education, outreach, and enforcement program manager to monitor and run the program for property managers and regional employers who want to participate.
13. Encourage property management companies of HOH to offer tenants reduced or free bus passes as part of their rental fees.
14. Consider the use the City Engineer's authority to process modifications for site-specific turn lanes in activity centers and urban areas, when they would be detrimental to bicyclist and pedestrian safety and comfort. #

Enhance public spaces where HOH is located

Goal 4: Civic and pedestrian spaces provide high quality “front porch” experiences that enhance cultural and social activity for high occupancy housing residents and neighbors.

Relevant Flagstaff Regional Plan Goals and Policies

Policy CC.5.3. Encourage the integration of art into public and private development projects.

Policy LU.5.7. Encourage the placement of institutional and civic buildings centrally within a neighborhood to promote walkability and multi-use recreation spaces.

Policy LU.10.9. Civic spaces must be well designed, accessible, and central to the urban fabric.

Policy LU.13.8. Locate civic spaces, parks, and institutional uses within neighborhood pedestrian sheds.

Policy LU.18.2. Strive for activity centers and corridors that are characterized by contextual and distinctive identities, derived from history, environmental features, a mix of uses, well-designed public spaces, parks, plazas, and high-quality design.

Policy NH.1.6. New development, especially on the periphery, will contribute to completing neighborhoods, including interconnecting with other neighborhoods; providing parks, civic spaces, and a variety of housing types; and protecting sensitive natural and cultural features.

Policies

1. HOH developments should provide a visual analysis of its impacts to the San Francisco Peaks, Mt. Elden, and/or Observatory Mesa from major intersections on Great Streets and public parks and open space. Allow neighborhood plans to identify smaller scale views to be considered.⁶
2. Civic and pedestrian spaces on-site should be oriented to provide public accessible and welcoming spaces with views of the San Francisco Peaks, Mt. Elden and/or Observatory Mesa.
3. Encourage complete streets with a “main street” character throughout activity centers.[#]
4. Promote centrally located civic space in every activity center commensurate with the character and scale of the area.[#]

Implementation Strategies

1. The City fund a viewshed analysis for public spaces within the City in order to identify priority views to preserve and enhance (funding and consultant would be needed). This study could inform open space purchases and strategic changes to City Codes that can better protect viewsheds.[#]
2. Implement the Zoning Code civic space strategy for the Downtown Regulating Plan by developing a civic space/park plan, as permitted, and then allow the City to collect fees to reimburse the City for purchasing property for consolidated parks and gathering spaces in the Downtown and surrounding neighborhoods.[#]

⁶ This analysis could not limit the exercise of existing private property rights, but can inform the design and development of the site. In discretionary decisions, it may be used to determine conditions of approval and regional plan conformance.

3. Encourage a portion of open space⁷ within activity centers to be publicly accessible, rather than private clubhouses and pools.
4. Identify locations within or near activity centers on the West Flagstaff that would be desirable for a parks and civic spaces, since this is the area of greatest need according to the Master Parks Plan. #
5. Reconsider city policy on minimum size of public parks within activity centers and urban neighborhoods to allow for more publicly maintained pocket parks and civic spaces in these locations. #
6. Adjust road cross-sections in the Engineering Standards to achieve the quality of connections needed to create functional activity centers and more walkable urban neighborhoods. #
7. Establish design standards to beautify buildings that are elevated above in the Rio de Flag and Clay Avenue floodplains. # For example:
 - No blank walls
 - Murals and Mosaics
 - Sloped berms and large foundation landscaping
 - Stoops
 - Street Furnishings and planters
 - Enhanced architectural details and materials at the street level

⁷ Per the Zoning Code definition

Stormwater policies to support public safety and place-making

Goal 5: Balance the needs of stormwater management and place-making to remove barriers to small and medium HOH development.

Relevant Flagstaff Regional Plan Goals and Policies

Policy WR.5.5. Give preference to regional detention facilities that are designed in conjunction with smaller low-impact development features, rather than numerous smaller dispersed basins. Encourage regional detention basins to incorporate natural watershed characteristics as well as offering recreational components.

Policies

1. Plan for regional, neighborhood, and multi-parcel scale stormwater retention and detention to support urban place-making, and small and medium HOH infill and redevelopment. #

Implementation strategies

1. Complete the Rio de Flag flood control project as a top City priority. #
2. Implement a green infrastructure policies that allow infill and redevelopment projects of small and medium scale in urban areas to meet some of their LID or detention requirement in the public right-of-way, with proper financial assurances. #
3. Consider context-appropriate frontage types and modifications for development within the Transect Zones to reduce the cost of flood proofing without sacrificing design of the public realm.

Reduce waste and increase energy efficiency of HOH developments

Goal 6: HOH developments make significant contributions to Flagstaff's energy and solid waste goals.

Relevant Flagstaff Regional Plan Goals and Policies

Goal E.1. Increase energy efficiency.

Goal E.2. Expand production and use of renewable energy.

Goal PF.2. Provide sustainable and equitable public facilities, services, and infrastructure systems in an efficient and effective manner to serve all population areas and demographics.

Policy PF.2.1. Prioritize infrastructure upgrades to encourage redevelopment and infill and meet land use goals.

Policy WR.5.6. Implement stormwater harvesting techniques to support water conservation strategies by collecting and using local precipitation in the vicinity where it falls to support both human and overall watershed health needs.

Policy ED.4.5. In an effort to promote the sustainability of resources, the City will encourage all new and expanded commercial and industrial development to be energy and water efficient.

Policies

1. Promote materials management strategies in HOH buildings that increase recycling rates and extend the life of the Flagstaff landfill. Remove obstacles and create incentives to include alternative energy production and energy conservation technologies into new HOH developments.

Implementation Strategies

1. Add a policy to the regional plan about extending the life of the landfill. #
2. Require that structures for multifamily buildings include chutes, and/or enclosures for recycling in initial construction. Create and require accurate signage to inform residents of multifamily buildings what can be placed in trash or recycling.
3. Create engineering and public works standards for new recycling technology including compactors and enclosures, so developers do not have to go through a special approval process to construct a custom enclosure. #
4. Require HOH management to educate all new tenants on their waste management infrastructure.
5. Adopt the most recent version of (2015 or 2018) International Energy Conservation Code for all new construction in the City of Flagstaff. #
6. Incentivize new HOH construction to perform at a certain percentage (such as 20%) over the current City of Flagstaff Energy Code energy efficiency requirements.
7. Require HOH developments and all larger building projects over a certain size to divert at least 50% of the total construction and demolition material, so it does not end up at the landfill. #
8. Create a financing mechanism or incentive system to increase solar energy production on HOH sites (i.e. grant or PACE-style program). #

Improving NAU-City coordination

Goal 7: Ensure continued and improved coordination between the City and NAU to collaborate on projects of concern to NAU and the wider community and to address nuisance issues in neighborhoods.

Relevant Flagstaff Regional Plan Goals and Policies

Policy NH.1.7. Develop appropriate programs and tools to ensure the appropriate placement, design, and operation of new student housing developments consistent with neighborhood character and scale.

Policy NH.1.8. Prioritize the stabilization of a neighborhood's identity and maintain cultural diversity as new development occurs.

Policies

1. Coordinate programs, policy-making, and infrastructure projects at the elected, administrative, faculty and staff levels to ensure excellent communication and efficient decision-making.
2. Educate students moving off campus about “good neighbor” expectations. #
3. Create resources for students and new residents to find out about neighborhood programs and services. #

Implementation Strategies

1. Create a Master Intergovernmental Agreement (IGA) with NAU to help facilitate shared interests and projects throughout the community.
2. NAU and the City will provide education and support to property managers and students who live off-campus through the Good Neighbor Coalition, Community Liaison, Crime Free Multi-Housing, and Code Compliance programs. #
3. Continue to collaborate on the production and distribution of the off-campus student Good Neighbor Guide. #
4. Build a more comprehensive and interactive neighborhood services webpage and include resources for students moving off-campus and information about how the City and NAU coordinate services and public projects. #
5. Find annual funding for mitigating the solid waste impacts off move in and move out weeks to off campus neighborhoods and communities. #

Promote affordability and sustainability incentives

Goal 8: HOH buildings create housing choices and transportation, land use and building efficiencies that support meeting Flagstaff's sustainability and affordable housing goals.

Relevant Flagstaff Regional Plan Goals and Policies

Goal E.1. Increase energy efficiency.

Goal E.2. Expand production and use of renewable energy.

Goal WR.3. Satisfy current and future human water demands and the needs of the natural environment through sustainable and renewable water resources and strategic conservation measures.

Goal NH.3. Make available a variety of housing types at different price points, to provide housing opportunity for all economic sectors.

Policy NH.3.5. Encourage and incentivize affordable housing.

Policy NH.4.4. Encourage green practices in housing construction and rehabilitation that support durable, healthy, and energy efficient homes

Policy ED.4.5. In an effort to promote the sustainability of resources, the City will encourage all new and expanded commercial and industrial development to be energy and water efficient.

Policies

1. Recalibrate incentives in the zoning code to favor housing affordability and sustainability in a way that expands their use in HOH developments. #
2. Pursue affordable housing opportunities in HOH buildings because of their access to work, and transit opportunities and services to meet the daily needs of residents.

Implementation Strategies

1. Set a base residential density for mixed-use development in all or certain commercial zones (such as Community Commercial and Commercial Services) and only allow densities above the base with certain thresholds of affordable housing contribution.
2. Remove density as a sustainable building incentive, and implement more effective financial incentives, such as grants and rebates, in coordination with the County's Sustainable Building program. #
3. Allow codified sustainability techniques to be used in any zone based on performance and the conditions of the site. #

Promote economic resiliency through building design in HOH developments

Goal 9: HOH buildings are designed as flexible and adaptable buildings that can support changing economic conditions and support entrepreneurship and local business.

Relevant Flagstaff Regional Plan Goals and Policies

Policy ED.1.3. Use economic best practices to promote quality and fiscally sound developments.

Policy ED.3.2. Strengthen the arts, culture, and education sectors as important economic drivers in the community.

Policy ED.3.5. Advocate the economic sustainability and growth of businesses with opportunities for transitional commercial space, leased space, and property ownership.

Policy ED.3.6. Foster entrepreneurialism and start-up businesses with incubator and accelerator programs in sectors that demonstrate considerable growth potential.

Policy ED.3.5. Advocate the economic sustainability and growth of businesses with opportunities for transitional commercial space, leased space, and property ownership.

Policy ED.4.2. Promote variety and flexibility in land use and development options within the urban growth boundary.

Goal ED.7. Continue to promote and enhance Flagstaff's unique sense of place as an economic development driver.

Policies

1. HOH's retail components be small, flexible, and simple in order to promote local business that can adapt over time.
2. Conserve resources associated with the construction and management of buildings by designing for flexibility and ease of future adaptation and for the service life of components and assemblies. #
3. Integrate HOH developments with employment clusters in order to attract appropriate talent and support workforce housing.
4. HOH's commercial components should be flexible enough to support primary sector employment that is compatible with the residential setting, such as professional and government services, entrepreneurs, and offices.
5. Promote openly advertising of available commercial space so that local businesses have more opportunities to get into the development.
6. Promote individual ownership of small building components so a local middle class can have an ownership stake.

Set legislative priorities for new tools to address HOH

Goal 10: Flagstaff will look beyond the current State and federal laws and programs to find future opportunities to reach the Regional Plan's goals and to maintain and enhance a vibrant community of strong, stable, and connected neighborhoods.

Relevant Flagstaff Regional Plan Goals and Policies

Goal CC.2. Preserve, restore, and rehabilitate heritage resources to better appreciate our culture.

Goal LU.11. Prioritize the continual reinvigoration of downtown Flagstaff, whose strategic location, walkable blocks, and historic buildings will continue to be a vibrant destination for all.

Policy NH.3.5. Encourage and incentivize affordable housing.

Policies

1. Recommend that the City Council set legislative priorities that explicitly support giving local governments the ability to: #
 - a) Require affordable housing contributions from new development (inclusionary zoning)
 - b) Prevent demolition of historic structure of significance and integrity in Historic Districts.
 - c) Support legislation to authorize a Property Assessed Clean Energy (PACE) program in Arizona.

Definitions

Activity Center: Mixed-use areas where the City promotes a higher intensity of use that is well connected to its surroundings. Activity Centers are identified on the Future Growth Illustration, and are considered the most appropriate locations for high occupancy housing but does not specify how to address compatibility for each center. Centers are expected to include a high-degree of transit, pedestrian and bicycle connectivity. Activity Centers are made up of a commercial core and a pedestrian shed. They are also identified by type and scale.

Regional scale: An activity center that attracts people at a citywide or regional scale either by containing more overall or more specialized attractions.

Neighborhood scale: A smaller-scale activity center that primarily only attracts the surrounding neighborhoods.

Commercial Core: The center of each activity center that allows and encourages commercial, institutional, high-density residential, mixed-use development and transit opportunities. These cores are encouraged to be designed around the pedestrian.

Pedestrian Shed: In the context of an activity center, it is the area within a quarter-mile radius of the commercial core, which is an approximate five-minute walk. Areas within the pedestrian shed are intended to be very well connected to the commercial core by foot.

Affordable Housing: Housing that is affordable to those who cannot afford market priced housing locally to either rent or purchase. It may be provided with either public and/or private subsidy for people who are unable to resolve their housing requirements in the local housing market because of the relationship between housing costs and local incomes.

Civic Space: An outdoor area dedicated for civic activities, such as art, culture, education, recreation, government, transit, etc.

Code: The law of the City of Flagstaff, passed by ordinance in accordance with Arizona State Law and the City Charter. The City of Flagstaff has several codes that regulate the construction of new development, including the Zoning Code, the Engineering Design Standard and Specifications, the Building Code, the Solid Waste Code, etc.

Commercial Corridor: A roadway that has primarily commercial uses along its side. Commercial corridors in the Regional Plan area designated on Map 25: Road Network illustration.

Conditional Use Permit (CUP): A permit granted by the Planning Commission to establish a use on a property that would not be appropriate without restriction, but which is permitted provided that all performance standards and other requirements of the Zoning Code are met. Conditional Use Permits require a public hearing; however, Arizona law limits the types of conditions that may be considered for a use permit in many cases.

Conventional zoning: The traditional or Euclidean method of zoning that focuses on controlling land-use types, permissible property uses, and the control of intensity by height limits, units per acre, setbacks.

Downtown: Downtown is mapped differently for several different purposes. It is sometimes considered only the Central Business District zoning; other times the entire area of the Downtown Regulating Plan is referred to as Downtown. In addition, there is a historic district, a special sign district, an activity center, and a Business Improvement and Redevelopment District (which has specific taxing and quasigovernmental authorities), all of which are identified as “Downtown.” For the purposes of the HOH Plan if a policy or strategy is not specific enough to determine which “Downtown” boundary is appropriate, the Downtown Regulating Plan should be used.

Downtown Regulating Plan: The set of maps that shows the transect zones, special districts, and special requirements of the form-based code for the Downtown, Townsite, North End and Southside neighborhoods. It also shows street and public open spaces, and designate where various building form standards (based on intensity of urbanism) for building placement, design and use will apply. The Regulating Plan graphically shows, applies, and places the regulations and standards established in a form-based code.

Floodplain: Any land area susceptible to being inundated by floodwaters from any source. Federally designated floodplains are subject to a program of corrective and preventive measures for reducing flood damage.

Inclusionary zoning: Policies that require developers to set aside a certain percentage of housing units in new or rehabilitated projects for low- and moderate-income residents

High density: The current high-density residential zone in Flagstaff allows heights up to 60 feet and between 10 and 29 units per acre. Densities greater than 29 units per acre are allowed in most commercial zones for mixed-use projects.

High Occupancy Housing (HOH): Buildings that have more than 75 bedrooms per acre or have more than 30 units per acre in dormitory or apartment-style units.

Historic districts and neighborhoods: Areas of town that are identified on Map 14: Historic Districts in the Regional Plan. Some of areas are National or local historic districts, and others are neighborhoods that have historic resources in them but lack the integrity or significance to be designated as a formal district.

Incentivize A system to get a certain outcome that cannot be required. For example, the State of Arizona does not allow cities to require a percentage of new homes be affordable, but a city can incentivize the construction of affordable units by giving the developer the rights to additional densities or lessening their parking requirements.

Mixed Use: The development of a single building containing more than one type of land use or a single development of more than one building and use including, but not limited to, residential, office, retail, recreation, public, or entertainment, where the different land use types are in close proximity, planned as a unified complementary whole, and shared pedestrian and vehicular access and parking areas are functionally integrated.

Neighborhood: Includes both geographic and social components, it may be an area with similar housing types or an area surrounding a local institution patronized by residents. In the

Regional Plan, any area not within ¼ mile of an activity center or designated Employment or Special District is considered a neighborhood. Within ¼ mile of an activity center, neighborhoods are distinguished from activity centers per the applicable specific plan.

Overlay Zone: A zone applied by the City Council to a property, at the request of the property owner, that grants additional development rights and/or restrictions and is used in combination with the Specific to Uses and Supplemental to Zones sections of the Zoning Code.

Policy: An aspirational statement within the Regional Plan or other City document adopted by resolution, which should be followed by City staff in implementing plans and programs. Changes to the Zoning Code and to property rights must comply with the Regional Plan by State law. For example, if a development wants to change their existing rights they would have to prove that the changes meet the Regional Plan's policies.

Require: Something that must be completed before the City can approve a development. For example, a new building is required to provide a certain amount of parking.

Regional retention and detention: A system for storing and slowing (attenuating) the runoff from impervious surfaces such as rooftops or pavement with basins that collect from a large area. A detention, or dry, basin has an orifice level with the bottom of the basin so that all of the water eventually drains out and it remains dry between storms – hence, a dry basin. Retention basins have a riser with an orifice at a higher point so that it retains and treats a permanent pool of water. (Source: <https://sustainablestormwater.org/>)

Transect zoning: A zoning approach that is more concerned with the look of the buildings than their use. Flagstaff's transect zones contain more aesthetic details than the conventional zones with the intent of improving the building's appearance and its connection/interaction with its surroundings.

Travel Demand Management: a program of information, encouragement, and incentives provided by local or regional organizations to help people know about and use all their transportation options to optimize all modes in the system – and to counterbalance the incentives to drive that are so prevalent in subsidies of parking and roads. These are both traditional and innovative technology-based services to help people use transit, ridesharing, walking, biking, and telework. (Source: <https://mobilitylab.org>)

Waste diversion: The process of keeping waste out of landfills to extend their operating lifetime and prevent the need for new landfills.

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Appendix A: Constraints in Arizona

Private Property Rights Act of 2006 Passed by Proposition 207 (ARS 12-1134)

The Private Property Rights Act of 2006 also known as Proposition 207 requires local governments to compensate a private property owner if the value of a person's property is reduced by the enactment of a land use law. A land use law regulates the use or division of land, such as municipal zoning laws. Prop 207 is the reason why "downzoning" or changing zoning to permit less intensive development is difficult to accomplish in Arizona. Property owners must either waive their entitlements voluntarily or be compensated for the reduction in value of their property. Compensation is an expensive option for local governments in many cases. Examples of downzoning would be:

- Taking away the ability to build an office building in favor of single family homes
- Reducing the density of housing units from 8 units per acre to 3 units per acre
- Reducing the maximum allowable building height from 65' to 35'.

Why can't we implement inclusionary zoning?

Senate Bill 1072, passed in 2015

Prohibits requiring affordable housing in a zoning code but does not limit the use of an incentive, density bonus or other voluntary provision or condition designed to increase the supply of moderate or lower cost housing.

Why is it hard to pass Moratorium legislation?

Standards for enactment of moratorium; land development; limitations; definitions. A.R.S. 9-463.06

Aside from moratoriums based upon a shortage of water, sewer, or street improvements – which does not apply to the City – a moratorium can only be enacted where there is a lack of other public facilities (police/fire/etc.) causing a clear and imminent danger to the health and safety of the public. In this case, City must make a number of findings, including that there are no reasonable alternatives, that the supply housing types is not unreasonably restricted, and that the public harm outweighs the other adverse effects.

Appendix B: Proposed Amendments to the Flagstaff Regional Plan 2030

The following are potential replacement pages for Chapter IX and X in the Flagstaff Regional Plan 2030. Like the goals, policies and strategies, these proposed amendments are preliminary and are expected to change based on public comments, direction from Council, Boards, and Commissions, and further staff work.

Changes to the text are in orange or blue and explanations of the rationale behind these changes are in boxes with black lines around them. Only pages that might change have been included in this appendix. Reviewers can compare these pages to the current version of the Flagstaff Regional Plan 2030 at www.flagstaffmatters.com.



GROWTH AREAS & LAND USE

The **Growth Areas & Land Use** component of the *Flagstaff Regional Plan* is a community vision of how land use in the region should occur for the next 20 years. It also sets the legal framework for more specific planning and zoning regulations. It is important to recognize that this is a diverse community that demands land use options while recognizing private property rights. To promote a balanced land use pattern, consideration will be given to the following concepts:

Growth

Future growth will be concentrated in reinvestment areas and will include a balance of infill and redevelopment in existing neighborhoods as well as the development of “Greenfields” within the growth boundary.

Area Types

This chapter is organized around three area types: **urban**, **suburban** and **rural**. Flagstaff enjoys existing urban, suburban, and rural areas as neighborhoods, shopping areas, roadways, and other spaces. Within each area type, there are distinct areas called **place types**.

Employment and Special Planning Area area types exist within all place types to provide for the economic vitality of the Region. The **Parks/Open Space** area types are also identified throughout the community.

Place Types

Place types include **activity centers**, **neighborhoods**, and **corridors**, and provide the framework around which our community is built.

Land uses that occur within the different place types are further designated into categories such as residential, commercial, and institutional, which define the type of use and zoning for those place types. The land uses appropriate for each activity center are listed on the urban, suburban, and rural area character tables. **Employment Centers** can exist within all place types, but along with **Special Planning areas**, they need special consideration.

Inside this Chapter:

EXISTING LAND SUPPLY

Context of Land Uses	IX-2
How Land is Evaluated	IX-2
Existing Conditions and Trends	IX-3
Land Ownership	IX-8
Overall Land Supply	IX-12

GROWTH

Reinvestment Areas	IX-22
Greenfield Development	IX-30
What We Have vs. Where We Are Going	IX-31

AREA TYPES

Urban	IX-34
Suburban	IX-45
Rural	IX-52
Employment Centers, Business Parks and Industrial Areas	IX-59
Special Planning Areas	IX-61

PLACE TYPES

Activity Centers	IX-62
Neighborhoods and Corridors	IX-69

Our Vision for the Future

In 2030, our community continues to grow in a smart and connected way, making investments in efficient infrastructure, alternative travel modes, and promoting housing choice while seeking to reduce sprawl. The land use decisions made in the region promote a healthy lifestyle and quality of life desired by many.

GROWTH

Historically, growth areas in the Flagstaff region have clustered around jobs, from the earliest railroad stop and lumberyards, to the University and downtown Flagstaff. Within the region, the City of Flagstaff is surrounded by public lands, and thus the supply of private land for development is somewhat limited. For these reasons, and because Flagstaff residents value the protection of the natural forests and public lands surrounding the City, planning in Flagstaff for the last 25 years has encouraged (but not mandated) development in more central areas, thereby preserving more of the outer areas of the region and reducing sprawl. This concept of “compact development” was included in the *Flagstaff Growth Management Guide 2000* adopted in April 1987 and continued within the former *Flagstaff Regional Land Use and Transportation Plan* adopted in November 2001. Both of these documents included goals and policies in support of the principles of reduced sprawl and compact development, while also allowing for many developments to occur under existing zoning and land use entitlements. The principle of compact development may be viewed and described in three tiers. Compact development in Flagstaff can be provided in multiple contexts and settings:

1. **Citywide:** At the city-wide scale, compact development can encourage infill and reinvestment in existing urban, suburban, and rural area types, thereby allowing for the preservation of open space and natural resources toward the periphery.
2. **Activity centers and corridors/neighborhoods:** At the local level, such as in activity centers and along commercial corridors within neighborhoods, compact development allows for increased intensity and density of residential, commercial, or mixed-use activities through creative and intensive site design within activity centers at urban, suburban and rural contexts, and along corridors. Typical residential densities in compact developments are higher than in adjoining areas and encompasses residential and commercial development, and single-family houses, townhomes, apartments, and live-work units so that residents have a choice in the type of housing they desire. In commercial areas, two and three story buildings are typical, with building fronts right up to the sidewalk, and parking arranged behind and to the side of buildings. A range of housing and transportation options are supported, with an emphasis on improving pedestrian and bicycle circulation within a complete street, reducing necessary additional vehicle trips. Civic spaces are typically included, providing opportunities for civic participation, shopping, recreation, and socializing outdoors in all seasons.
3. Neighborhoods within walking distance of activity centers provide denser housing choices, such as townhomes, apartments, and live-work units, and provide a transition to diverse residential neighborhoods.
4. **Employment** centers also provide important opportunities for compact development and incorporate multi-modal and mixed use principles to reduce vehicle trips.
5. **Cluster development:** Within a development site, residential and commercial uses may be clustered closer together as a means of preserving natural resources and open space, and minimizing infrastructure costs.

Support for the concept of more compact growth does not, and has not, precluded new suburban development from occurring away from the center of the City, such as the Ponderosa Trails subdivision. It does, however, speak to a desire to encourage some future development to be more inwardly focused while ensuring freedom of choice for developers to satisfy market demand for various housing types. The discussion of growth areas is paramount in reducing sprawl, protecting open space, and promoting efficiencies in infrastructure and services.

Why Compact Development?

Encouraging the option of compact development for the region allows for the following to be achieved while still respecting Flagstaff’s scale, character, and design traditions:

- Support economic vitality
- Well connected access for pedestrians, bicyclists, cars, and transit
- Appropriate multi-modal thoroughfare design
- Medium to high densities in appropriate contexts
- Provision of a range of housing options including smaller housing types on small lots and multi-family housing options with shared amenities
- A mix of uses, i.e., several types of housing, commercial, and office space are located in close proximity with civic spaces to provide vibrant commercial spaces, quality places for people to live, and to support infill and reinvestment of existing developed areas.
- Interconnected streets
- Innovative and flexible approaches to parking
- Access and proximity to transit
- Reduction of sprawl on the periphery of the region
- Support of conservation and open space goals as well as watershed protection
- Minimize traffic congestion
- Reduced miles of streets and utility infrastructure resulting in lowered City operating and maintenance costs.

Correct omissions and make consistent with other document text

Land Use Tool Box

Activity Centers are mixed-use areas where there is a concentration of commercial and other land uses typically defined by a pedestrian shed. Activity centers are the appropriate locations for higher-density residential development, such as mid-rise and apartment buildings, live-work units, and home-based businesses. They include a high-degree of pedestrian and bicycle connectivity.

Commerical Cores are the most important location for placemaking in each activity center. They allow and encourage commercial, institutional, high-density residential, mixed-use development and transit opportunities. These cores are designed to have active public realms including outdoor cafes, public art, comfortable pedestrian facilities, street trees and furniture and include housing above and behind commercial uses.

Pedestrian Sheds are the basic building block of walkable neighborhoods. A pedestrian shed is the area encompassed by the walking distance from an activity center, and is often the area covered by a

5-minute walk (about 1/4 mile). They may be drawn as perfect circles, but in practice pedestrian sheds have irregular shapes because they cover the actual distance walked, not the linear (as-the-crow-flies) distance. In practice, it is common for people to walk farther than a 1/4 mile to access an activity center, when there is a diverse mix of activities and comfortable pedestrian infrastructure.

Commercial Corridors are roads that allow for commercial and mixed use development. They often intersect and connect nearby activity centers.

Block Size is an area of land bounded by a street, or combination of streets, and other land uses with defined boundaries. Block sizes vary, with smaller blocks in walkable urban areas, larger blocks in suburban areas, and large tracts of land in rural areas.

Coconino County Assessor's on-line tool is a way to determine current land use, zoning, lot description, property tax history, and other information about any piece of property within Coconino County: <http://assessor.coconino.az.gov/assessor/web/login.jsp>.

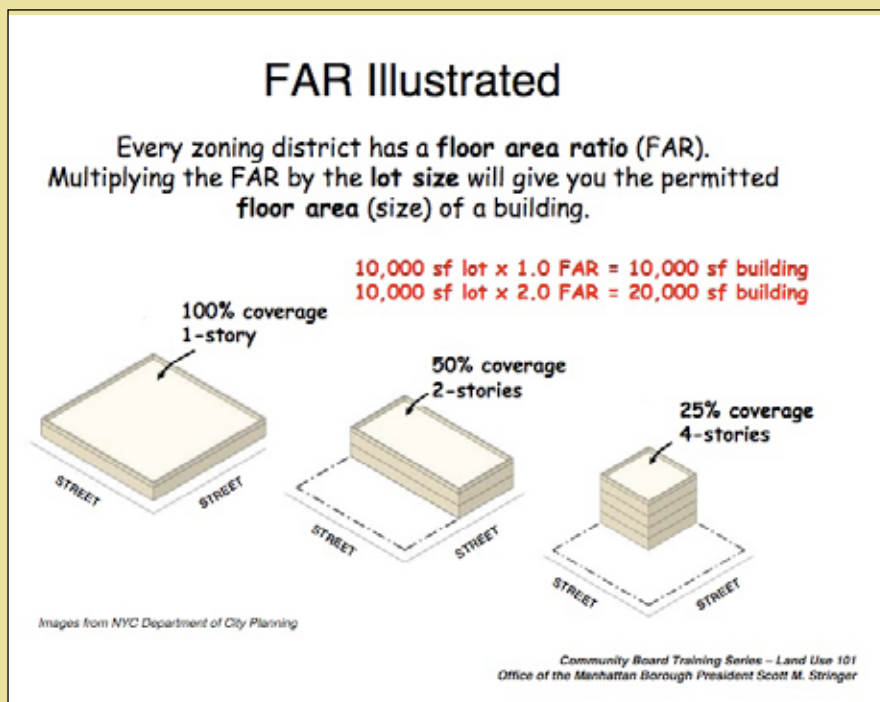
Density (dwelling units per acre) is the number of homes (single-family, townhouses, apartments, live/work units, etc.) per acre. Many community resources and recreational facilities use density to calculate facilities needed to serve the growing population.

Intensity of commercial development describes the concentration of development on a site, or the degree to which land is occupied. There is no single measurement of the intensity of land use; it is usually conveyed by dwelling units per acre, amount of traffic generated, or FAR.

Land Measurements – acres and square feet.

Floor-area-Ratio (FAR) is the total floor area of all buildings or structures on a lot divided by the gross area of the lot. See the illustration below.

Correct omissions and make consistent with other document text



Refer to Chapter III - How This Plan Works to understand how a development project is processed through the City/County and what the process is if a land use or zoning change is desired.



REINVESTMENT GOALS AND POLICIES

Goal LU.1. Invest in existing neighborhoods and activity centers for the purpose of developing complete, and connected places.

Policy LU.1.1. Plan for and support reinvestment within the existing city centers and neighborhoods for increased employment and quality of life.

Policy LU.1.2. Develop reinvestment plans with neighborhood input, identifying the center, mix of uses, connectivity patterns, public spaces, and appropriate spaces for people to live, work, and play.

Policy LU.1.3. Promote reinvestment at the neighborhood scale to include infill of vacant parcels, redevelopment of underutilized properties, aesthetic improvements to public spaces, remodeling of existing buildings and streetscapes, maintaining selected appropriate open space, and programs for the benefit and improvement of the local residents.

Policy LU.1.4. Attract private investment by reinvesting in transportation infrastructure improvements as well as public utilities infrastructure for desired development size.

Policy LU.1.5. Maintain and upgrade existing infrastructure and invest in infrastructure to make redevelopment and infill an attractive and more financially viable development option.

Policy LU.1.6. Establish greater flexibility in development standards and processes to assist developers in overcoming challenges posed by redevelopment and infill sites.

Policy LU.1.7. Consider creative policy and planning tools (such as transfer of develop rights or transfer of development obligations) as a means to incentivize redevelopment and infill.

~~Policy LU.1.8. Encourage voluntary land assemblage in an effort to create better utilization and opportunities for development.~~

Public comment has raised the concern that this policy is too broad, when considered in the context of High Occupancy Housing improved language about connectivity and block size eliminate the need for this policy.

Policy LU.1.9. Provide public education regarding the sustainability and beneficial economics of redevelopment and infill.

Policy LU.1.10. Consider adaptive reuse possibilities when new big box developments are proposed.

Policy LU.1.11. Ensure that there is collaboration between a developer, residents, and property owners in existing neighborhoods where redevelopment and reinvestment is proposed so that they are included, engaged, and informed.

Policy LU.1.12. Seek fair and proper relocation of existing residents and businesses in areas affected by redevelopment and reinvestment, where necessary.

URBAN NEIGHBORHOOD CHARACTERISTICS

Urban areas have a higher density of people, residences, jobs and activities; buildings are taller and close to the street; streets and sidewalks are in a grid pattern of relatively small blocks; the area is walkable and a variety of services and goods are available; served by public transportation and with various forms of shared parking (lots, garages, etc.) and street parking.

	<div>Existing Urban Area *Symbol from Map 22</div>  <div>Future Urban Area *Symbol from Map 22</div> 
Desired Pattern	Mix of missing middle housing, such as apartments, townhomes, live-work units, and triplexes, and single family housing on smaller lots. Minimum 2 stories within a commercial core and on an urban corridors
Block Size	300 X 300 to 300 x 600
Density Range	Minimum 8 to 29 units per acre. Increased density within the ¼ mile pedestrian shed; exception for In established Historic Districts, consider the scale and context of historic resources when establishing new property rights.
Intensity	(FARs) of 0.5 + for new urban neighborhoods. Higher range of intensity within the commercial core of activity centers and corridors; Intensity within exception for established Historic Districts and Historic Neighborhoods is similar to historic structures within one block of the site.
Air Quality	Consider long-term impacts to air quality by proposed development. Refer to Air Quality Goal E&C. I.
Solar Access	Consider solar access for all development, allowing passive/active solar collection.
Corridors	Refer to Urban Corridor Characteristics table, pg. IX-37
Mixed-Use	Urban mixed-use includes supporting land uses such as neighborhood shops and services, residential, business offices, urban parks and recreation areas, religious institutions, and schools. A full range of urban services and infrastructure is required as well as high pedestrian, bicycle and transit connectivity.
Residential	Residential uses in urban neighborhoods may will be incorporated into mixed use projects A variety of rental and ownership opportunities are encouraged. Affordable housing is highly valued in urban neighborhoods. This includes apartments, condominium complexes, duplexes, townhomes, and other forms of attached housing, and single-family which is subdivided into smaller lots.
Commercial	Commercial development is to be located within activity centers and along corridors.
Public/ Institutional	As part of mixed-use development – vertical preferred. Make centrally accessible to urban neighborhood and connected with transit and FUTS.
Employment/ Research & Development/ Industrial	Industrial not appropriate for urban context. Research and Development offices, medical, services, professional offices, retail, hotel, and restaurants as part of urban form and within mixed-use development.
Parks	Urban Parks can be publicly or privately owned and designated for recreation use, allowing for both active and passive activities, as well as special use functions. May include special facilities and swimming pools, and neighborhood and community parks. Future park development is contingent upon density and intensity of proposed development; and this Plan's policies outline the need for recreational opportunities for all residents and visitors. Refer to Chapter XV - Recreation
Open Space Public Space	Open Space in urban areas include greenways streetscapes, waterways, cemeteries, floodplains, riparian areas, corridors, boulevard viewsheds, and public plazas and squares and are used for passive activities. These spaces may be restored for their aesthetic value, vistas, and archaeological and historic significance. Refer to Chapter IV - Environmental Planning & Conservation and Chapter V - Open Space
Conservation	Refer to Natural Resources Maps 7 and 8, and 'Considerations for Development' in Chapter IV - Environmental Planning & Conservation.
Agriculture	Urban food production – potted vegetables, greenhouses and conservatories, roof-top gardens, animal husbandry, and community gardens.

Separated neighborhood and activity center descriptions. Set maximum density for neighborhoods consistent with High Density Residential Zoning. Swimming pools are not an amenity encouraged in the urban context.

Special Planning Areas	Northern Arizona University to become more urban. <i>Refer to NAU Master Plan.</i>
Master Plans	Presidio West; Juniper Point

URBAN ACTIVITY CENTER CHARACTERISTICS

An area typically located at the intersection of two main thoroughfares. Urban activity centers include mixed-use, mix of housing type, mixed price range, walkable, transit-oriented-design; can include regional commercial or neighborhood commercial.



Regional Urban Activity Center - Larger, mixed-use centers at intersections of Regional Travel and Circulation Corridors; with direct access of multiple residential developments; with entertainment and cultural amenities; public spaces; with transit-accessible employment opportunities; serves regional residents and visitors.

Neighborhood Urban Activity Center – smaller, mixed-use centers at intersections of Circulation Corridors and Access Roads; with access to surrounding neighborhood; with local goods and services, public spaces; serves local residents; transit and FUTS access.

Characteristics

Each Activity Center is unique with contextual and distinctive identities, derived from environmental features, a mix of uses, well-designed public spaces, parks, plazas, and high-quality urban design. In the commercial core of all urban activity centers, the first floor of the building is primarily commercial with storefront windows built to the back of sidewalk. The building facade and type changed frequently. Vertical mixed use is strongly preferred. The pedestrian shed is made up of a variety of residential housing types. In historic neighborhoods, the activity center is anchored by historic buildings and residences in the pedestrian shed mimic historic buildings types and patterns. They are well-designed for the purpose of maintaining a unique sense of place and to attract the residents/clients desired. *Refer to A Vision for Our Urban Activity Centers on pg. IX-63.*

Desired Pattern



Minimum 2 stories within a commercial core of an activity center and on an urban commercial corridors

Density Range

Residential Only: 13+ units per acre; Residential mixed-use: 8+ units per acre

Intensity

Regional scale and design
Floor area ratios (FARs) of 1.0+
Higher range of intensity closer to the commercial core of activity centers and corridors.

Neighborhood scale and design
Floor area ratios (FARs) of 0.5+

Mix of Uses

Within commercial core: Government, services, education, offices, retail, restaurant, and tourism-related. Residential opportunities, residential mixed-use, public spaces, place-making.

Within the pedestrian shed but not in a commercial core: higher-density residential, live-work units, home-based businesses, educational, greater connectivity to a commercial core.

Commercial/ Employment

Vibrant and diverse mix of commercial uses. Commercial space is oriented towards civic spaces, the pedestrian and sidewalk. Office and Employment opportunities in Regional Activity Centers are oriented towards professional fields, such as medical, government, real estate, finance, and service sectors.

Residential

Regional activity centers provide mainly loft and apartment-style living in the commercial core that is bike, pedestrian, and transit oriented to support workforce and student housing. Neighborhood activity centers can provide a wide variety of housing choices from medium to high density. Activity centers that overlap Historic Districts and neighborhoods borrow heavily from the surrounding historic architecture and scale.

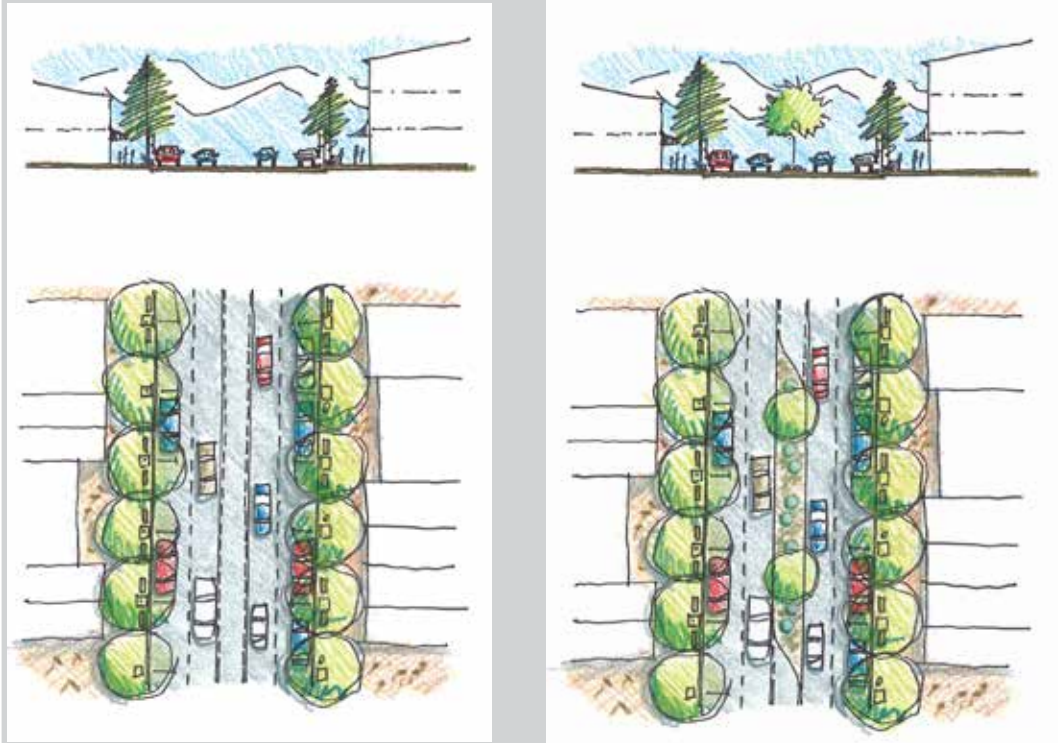
Transportation

Easy-to-access parking available via garages, shared lots, and on-street parking. Transit stops and routes centrally located. Bicycle access and parking abundant. Pedestrian-oriented design. Very high road and pedestrian infrastructure connectivity. Block sizes are smaller; gridded street networks preferred where not prohibited by topography.

URBAN CORRIDOR CHARACTERISTICS

Corridors are where commercial development is encouraged; local streets and residential access are not considered urban corridors. Great Streets are corridors with the greatest potential for reinvestment, beautification, and appropriate land uses. Refer to page IX-62 for more discussion of Activity Centers (Map 24) and Corridors (Map 25), and the Great Streets and Gateways (Map 12.)

Characteristics of an Urban Corridor



Urban Corridor

Serves larger capacities of vehicles and people, with more intense land uses. These corridors will be wider with faster speed limits, yet street parking is encouraged and pedestrian safety is a priority. Provides well designed signage, landscaping, and public spaces, with shops and services in buildings that front the street. More frequent intersections with local roads. Local roads in an urban area type carry more through traffic than suburban local roads. Thoroughfares and boulevards may be applied in the context of Traditional Neighborhood Design (TND) and the use of transect zones.

Footnote: Block/Lot Size, air quality, solar access, Employment, Parks/Open Space, Conservation information about activity centers from page IX-35 all apply to Urban Activity Centers and Corridors.



Better describe urban activity center characteristics. better describe housing types appropriate to Regional and Neighborhood Activity Centers. Clarify what sections from Activity centers also applies to corridors.

Character of an Urban Activity Center

AREA TYPES

URBAN AREA GOALS AND POLICIES



Goal LU.9. Focus reinvestment, partnerships, regulations, and incentives on developing or redeveloping urban areas.

Policy LU.9.1. Reinvest in urban areas.

Goal LU.10. Increase the proportion of urban neighborhoods to achieve walkable, compact growth.

Policy LU.10.1. Prioritize connectivity within all urban neighborhoods and activity centers.

Policy LU.10.2. Support on-street parking, shared lots, and parking structures.

Policy LU.10.3. Value the **traditional historic** neighborhoods established around downtown by maintaining and improving their highly walkable character, transit accessibility, diverse mix of land uses, and historic building form.

Policy LU.10.4. Develop specific plans for neighborhoods and activity centers to foster desired scale and form.

Policy LU.10.5. Consider vacant and underutilized parcels within the City's existing urban neighborhoods as excellent locations for contextual redevelopment that adds housing, shopping, employment, entertainment, and recreational options for nearby residents and transit patrons.

Policy LU.10.6. In mixed use developments, encourage residential uses located above and behind commercial uses within urban areas as well as a variety of housing types where appropriate.

Policy LU.10.7. Invest in infrastructure and right-of-way enhancements **that favor the pedestrian and transit** as an incentive for private investment in urban neighborhoods and activity centers.

Policy LU.10.8. Include institutional uses, such as schools, within the urban context.

Policy LU.10.9. Civic spaces must be well designed, accessible, and central to the urban fabric.

Policy LU 10.10. Future urban activity centers and neighborhoods are designed based on gridded street systems with alleys, considering constraints on connectivity, such as topography, the railroad and highways.

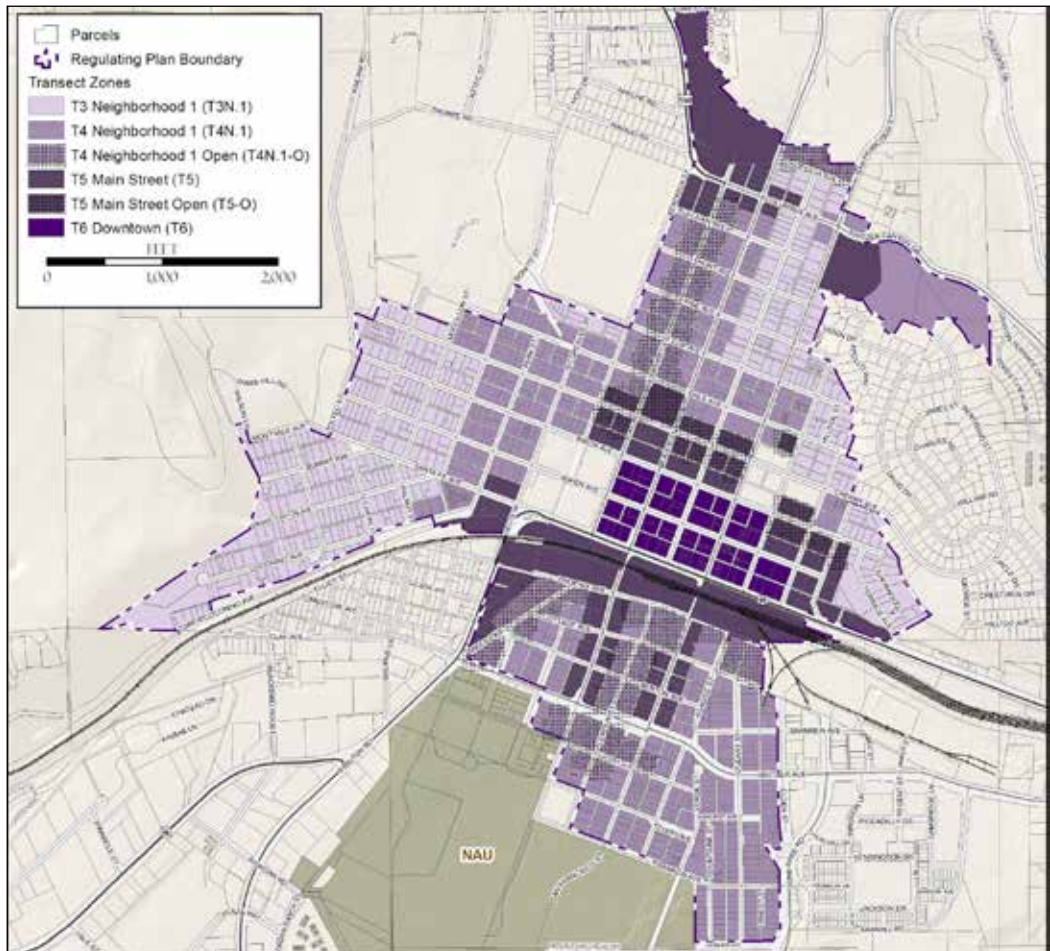
Provided consistent language between sections. Made 10.7 more consistent with the Urban description and HOH Specific Plan. Added 10.10 for consistency with HOH Plan.

AREA TYPES

While downtown is unique (it is defined on the Zoning Map with the Commercial Business (CB) zoning designation), it functions as the focus of a larger core area anchored by Northern Arizona University to the south and the Flagstaff Medical Center's campus to the north. This is generally what is known as the Flagstaff Central District as mapped in the Zoning Code. Most of this area has been designated with optionally-applied transect zones as illustrated in Map 23, Downtown Regulating Plan, and it includes a number of historic neighborhoods such as Flagstaff Townsite, North End, Southside, and parts of La Plaza Vieja. As these historic neighborhoods are highly valued by Flagstaff residents, appropriate goals and policies to support their preservation are included in Chapter VIII - Community Character.

The commercial core of Downtown Flagstaff is generally considered the T6 and T5 properties from the downtown Regulating Plan. The Downtown is a unique Regional Activity Center. Preservation of its historic character is a priority for the City. To develop a project in downtown, consider the vision goals and policies for Downtown first. Then incorporate any information from Urban Neighborhood and Activity Center goals and policies and the Tables describing Urban Activity Center Characteristics refer to the Urban Neighborhood Characteristics Table (pg. IX-35), the Urban Activity Center Characteristics Table (pg. IX-36), and the Urban Corridor Characteristics Table (pg IX-37). See

Language reflects changes to Maps 21 and 22 to designate Downtown a unique type of activity center.



Map 23: Downtown Regulating Plan

SOURCE: Flagstaff Zoning Code

AREA TYPES

SUBURBAN NEIGHBORHOOD CHARACTERISTICS

Suburban areas have medium to low densities of people, residences, jobs and activities; the streets and sidewalks vary in pattern; the area is drivable to access homes and jobs, yet walkable by special pedestrian facilities like the Flagstaff Urban Trail System (FUTS); some services and goods are available to the residents; the area may have access to public transportation.

Existing Suburban
*Symbol from Map 22





Future Suburban
*Symbol from Map 22

Desired Pattern	Well-connected neighborhoods, designed around an Activity Center. <u>Quiet residential neighborhoods, consisting of single-family homes, located toward the periphery of developed areas of the City. In or near activity centers, a mix of single-family homes, duplexes, townhouses, and low-rise apartments would also be suitable.</u>
Block Size	<u>Blocks is variable in Suburban Neighborhoods. Blocks are well organized, with few bicycle and pedestrian dead ends. Cul-de-sacs are minimized in the design of new neighborhoods.</u>
Density Range	Residential lots 2 to 103 units/acre. Increased density is preferred within pedestrian shed of 6 units/acre +. For a change of density range, a specific plan or development master plan must be developed for the pedestrian shed. Residential Mixed-Use: 6 to 29 units/acre, outside of the pedestrian shed+
Intensity	Floor area ratios (FARs) of 0.2 and above. Suburban commercial, offices space, medical facilities, and institutional in commercial core of an activity center <u>and along commercial corridors.</u>
Air Quality	Consider long-term impacts to air quality by proposed development, see page IV-10.
Solar Access	Consider solar access for all development, allowing passive and active solar collection.
Residential	<u>Quiet residential neighborhoods, consisting of single-family homes, located toward the periphery of developed areas of the City. In or near activity centers, a mix of single-family homes, duplexes, townhouses, and low-rise apartments would also be suitable.</u> This classification may also include such supporting land uses as parks and recreation areas, religious institutions, and schools. A full range of services and infrastructure is required, including public transit and bike trails.
Commercial	Commercial development in suburban neighborhoods is minimal, such as home-based businesses and childcare. Refer to Suburban Activity Centers table on the following page for more commercial development options
Public/ Institutional	Uses like schools and churches create a central and well-connected neighborhood. Refer to Illustration of Suburban Character on pg. IX-48.
Employment	<u>Home-based businesses are appropriate in Suburban Neighborhoods. Industrial uses and Research and Development are not appropriate outside of activity centers.</u>
Parks	Suburban parks and recreation facilities are either publicly or privately owned and allow both active and passive activities, as well as special use functions like recreation centers, golf courses, and swimming pools. This category is inclusive of neighborhood parks, community parks, conservation parks and special purpose facilities. Future park development is contingent upon the density and intensity of proposed development. Refer to Chapter XV - Recreation and the City of Flagstaff and Coconino County Parks & Recreation Master Plans.
Open Space Public Space	Suburban open space areas are for public or private use. Open spaces include natural areas, greenways, trails, streetscapes, waterways, cemeteries, drainage ways, floodplains, corridors, wildlife refuges, wetlands, riparian areas, and preserves. They are used for passive recreation such as hiking, picnicking, bicycling, horseback riding, and fishing. Open space areas also may be preserved or restored for their aesthetic value, scenic areas and vistas, ecological value, archeological and historical significance, and wildlife habitat. Refer to Chapter IV - Environmental Planning & Conservation and Chapter V - Open Space
Conservation	Refer to the Natural Resources maps in Chapter IV - Environmental Planning & Conservation.
Agriculture	Food production – yard gardens, community gardens, fruit trees, greenhouses and conservatories, animal husbandry.
Special Districts	Airport Business Park – Specific Plan needed; Flagstaff Cultural Center – Specific Plan needed; Coconino Community College campus; Innovation Mesa
Master Plans	Canyon del Rio

SUBURBAN ACTIVITY CENTERS CHARACTERISTICS

An area typically located at the intersection of two collectors or neighborhood streets, with vertical or horizontal mixed-use (mix of any: businesses, retail, residential, offices, medical services, etc.), serving the surrounding neighborhoods. A suburban activity center can serve a Regional Commercial or Neighborhood Commercial scale.

Map Symbol	 <p>Regional Suburban Activity Center: Larger, mixed-use centers at intersections of Regional Travel and Circulation Corridors; with access of large residential developments; with entertainment and cultural amenities; public spaces; serves regional residents and visitors. <u>Large-scale high occupancy housing is appropriate in this scale of activity center.</u></p> <p>Neighborhood Suburban Activity Center: Smaller, mixed-use centers at intersections of Circulation Corridors and Access Roads; with access to surrounding neighborhood; with local goods and services, public spaces; serves local residents; transit and FUTS access.</p>
Desired Pattern/ Block Size	<p><u>Suburban Activity Center Block Size:</u> <u>600 to 1,000 x 600 to 1,000</u></p> <p><u>Lot size is variable. Across any lot or block, bicycle and pedestrian connectivity is generally</u> <u>300 x 300 to 600</u></p>  <p><i>Photo credit: City of Flagstaff</i></p>
Density Range	<p>Residential Only: 6 - 13¹⁰ units per acre. Residential mixed-use: 6+ units per acre</p>
Intensity	<p><u>Regional scale and design at Flagstaff Mall.</u> Floor area ratios (FARs) of 0.5+</p> <p><u>Neighborhood scale centers at all others.</u> Floor area ratios (FARs) of 0.35+</p>
Mix of Uses	<p>Within commercial core: Services, offices, retail, restaurant and tourism-related. Residential opportunities, residential mixed-use. Public spaces, place-making.</p> <p>Within pedestrian shed but not in commercial core: higher-density residential, live-work units, home-based businesses, educational, greater connectivity to a commercial core.</p>
Commercial	<p>Regional Commercial is intended for all commercial and service uses that serve the needs of the entire region, those which attract a regional or community-wide market, as well as tourism and travel-related businesses. While uses located in this category typically tend to be auto-oriented, the regional commercial category emphasizes safe and convenient personal mobility in many forms, with planning and design for pedestrian, bicycle and transit access and safety as an activity center.</p> <p>Neighborhood Commercial is intended for all commercial retail and service uses that meet consumer demands for frequently needed goods and services, with an emphasis on serving the surrounding residential neighborhoods. These areas are typically anchored by a grocery store, with supporting retail and service establishments. Development in this category may also include other neighborhood-oriented uses such as schools, employment, day care, parks, and civic facilities, as well as residential uses as part of a mixed-use development activity center. <u>The commercial core is generally one block deep from the commercial corridor frontage and transitions quickly into a residential setting. It may stretch along the corridor for several blocks or merge with an adjacent activity center.</u></p>
Employment	<p><u>See Suburban Activity Centers – Research and development parks, business parks, and associated services within suburban context and contextual with surrounding neighborhoods, campus settings, or within mixed-use development preferred within the pedestrian shed or “employment” locations. Light industrial within “employment” locations only. (Moved from Neighborhood Page)</u></p>
Transportation	<p>Easy-to-access parking available via shared lots, shared parking structures, lots and on-street parking with pedestrian paths through and around parking areas. Transit stops available. Suburban block sizes may be larger than urban areas but must have highly connected bike and pedestrian infrastructure across the block and not solely around the block edges. Backage roads and collectors occur more frequently in suburban activity centers than in suburban neighborhoods.</p>

A Vision for Our Activity Centers

Existing activity centers have great potential for increased activities, densities and mixed-use with focused reinvestment by both the public and private sectors. These are ideal locations for optimal transit connectivity, increased pedestrian and bicycle use, and infrastructure improvements. For example, activity centers around Northern Arizona University could also meet the demand for more multi-family housing units, and student-oriented services and goods.

Potential new activity centers have been located where the future road network intersects, and future development has been proposed. This Plan encourages future development to be focused on, and planned around activity centers.

Every activity center works at its own scale, serving the needs of the surrounding community. That scale is directly related to the road types serving the center and surrounding development.

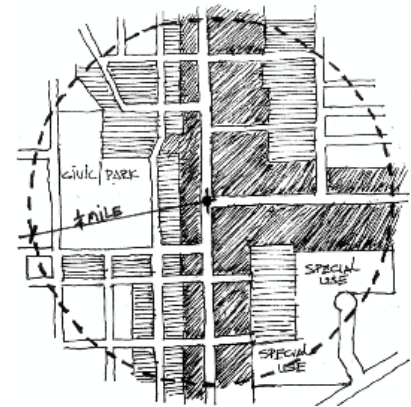
Regional centers – the biggest centers – are located at the intersection of major roads and have multiple large residential developments with direct access to it. They are the most appropriate location for mixed use housing with densities over 29 units per acre.

Neighborhood centers are smaller areas that have commercial and mixed use typically established at the intersections of circulation and access roads and close to the corridor. They transition quickly to neighborhoods that have easy access to them.

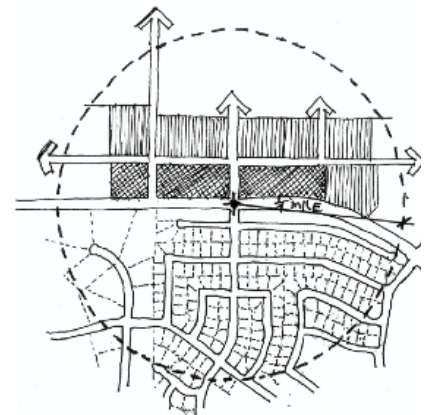
An **urban activity center** holds the greatest densities of housing and intensities of commercial and retail space, yet it is still appropriately designed for the region, contextual in scale and form, and architecturally compliments the environment and views. Even the most urban areas of Flagstaff have amazing views of the mountains, and respecting those views maintains our unique sense of place. Higher densities and maintaining views may seem like a contradiction, but it is a matter of thoughtful and sensitive design. Urban activity centers have the densities that make transit work while providing the creative places and where the social interactions desired by today's and tomorrow's workforce can occur.

Suburban activity centers provide nodes for a neighborhood's schools, parks, local restaurants, and grocery stores. They are located next to higher-density residential developments easily accessible by walking or biking. They may provide an opportunity for medium-density mixed-use.

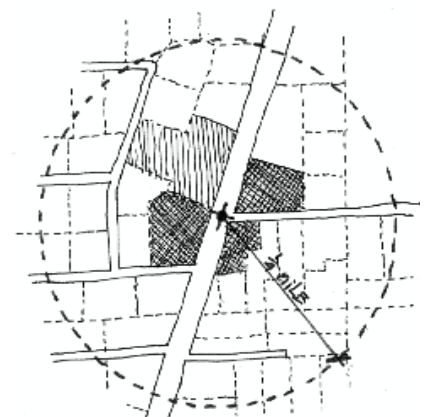
Rural activity centers are appropriate in scale to the rural community and may be two or three stories in height, in which one additional activity is considered "growth." These are strategically located to provide amenities



Urban Activity Center



Suburban Activity Center



Rural Activity Center

Clarified distinction between Regional and neighborhood activity centers

ACTIVITY CENTERS AND CORRIDORS GOALS AND POLICIES



Goal LU.18. Develop well designed activity centers and corridors with a variety of employment, business, shopping, civic engagement, cultural opportunities, and residential choices.

Policy LU.18.1. Design activity centers and corridors appropriate to and within the context of each area type: urban, suburban, or rural.

Policy LU.18.2. Strive for activity centers and corridors that are characterized by contextual and distinctive identities, derived from history, environmental features, a mix of uses, well-designed public spaces, parks, plazas, and high-quality design.

Policy LU.18.3. Redevelop underutilized properties, upgrade aging infrastructure, and enhance rights-of-way and public spaces so that existing activity centers and corridors can realize their full potential.

Refer to Chapter XI - Cost of Development for the potential of public-private partnerships.

Policy LU.18.4. Encourage developers to provide activity centers and corridors with housing of various types and price points, especially attached and multi-family housing.

Policy LU.18.5. Plan for and support multi-modal activity centers and corridors with an emphasis on pedestrian and transit friendly design.

Policy LU.18.6. Support increased densities within activity centers and corridors.

Policy LU.18.7. Concentrate commercial, retail, services, and mixed use within the activity center's commercial core.

Policy LU.18.8. Increase residential densities, live-work units, and home occupations within the activity center's pedestrian shed.

Policy LU.18.9. Plan activity centers and corridors appropriate to their respective context and scale.

Policy LU.18.10. Corridors should increase their variety and intensity of uses as they approach activity centers.

Policy LU.18.11. Land use policies pertaining to a designated corridor generally apply to a depth of one parcel or one and one-half blocks, whichever is greater.

Policy LU.18.12. Corridors should focus commercial development to the corridor frontage and residential to the back.

Policy LU.18.13. Promote higher density development in targeted areas where economically viable and desired by the public.

Policy LU.18.14. Endorse efficiency of infrastructure with compact development within targeted activity centers.

Policy LU.18.15. Actual pedestrian-shed boundaries will be established considering opportunities and constraints posed by natural and man-made barriers like terrain or the interstate, road networks, and existing development patterns.

Policy LU.18.16. Adopt traffic regulations to increase awareness of pedestrian-oriented design for activity centers.

Policy LU.18.17. Mixed use developments over 50 units per acre should be located in regional-scale activity centers.

Goal LU.19. Develop a manageable evolution of the main corridors into contextual place makers.

Policy LU.19.1. Develop a specific plan for each "Great Street" corridor.

Policy LU.19.2. Establish the context and scale of each corridor prior to design with special consideration for those intended to remain residential or natural in character.

Policy LU.19.3. Enhance the viewsheds and frame the view along the corridors through design.

Policy LU.19.4. Balance automobile use, parking, bicycle access, while prioritizing pedestrian safety along all corridors.

Refer to Chapter VIII - Community Character for the discussion of "Great Streets."



Photo credit: City of Flagstaff

Neighborhoods and Commerical Corridors

Neighborhoods

Neighborhoods are defined by mostly residential areas that are knitted together with connections of roads, trails, and sidewalks. Each neighborhood defines itself differently in the way of age, development patterns, architectural style, and other elements. *Refer to Chapter VIII - Community Character and Chapter XIII - Neighborhoods, Housing, & Urban Conservation for more information about neighborhoods in the Flagstaff region.*

Commerical Corridors

Commercial corridors are identified on Map 25: Road Network Illustration in Chapter X - Transportation. The “Great Streets” discussion in Chapter VIII - Community Character identifies a number of corridors in the Flagstaff region that could benefit from reinvestment, revitalization, and retrofit efforts. *Refer to the Great Streets and Gateways Map 12.*

Policies promote corridors as community and neighborhood connectors, transportation routes, and energetic places that are a magnet for mixed-use development and residential uses. Corridors are defined by pedestrian-oriented streetscapes, and frequented as local gathering places (i.e., cafes, restaurants, and plazas). These areas support surrounding neighborhoods and contribute to a more compact and consistent pattern of development. Development adjacent to established neighborhoods will transition from higher to lower intensities to mitigate impacts on residential areas.

Added LU. 18.7 policy to limit large-scale HOH to Regional scale activity centers. Clarified definition of commercial corridors to match other text in the Regional Plan.

There was no room on the following pages from Chapter X Transportation to offer a rationale for the edits.

During the process of understanding how the City can achieve better outcomes for High Occupancy Housing projects. Staff reviewed what types of decisions were not being made consistently or for which the plan provided unclear direction for decision-makers. The table in Chapter X that described area-level “Levels of Service” was not providing all the information needed to inform updates to the Engineering Design Standards and Specifications, and ultimately, the adoption of a Master Streets Plan for the City.

The information on the tables is intended to inform decisions about changes to standards and does not directly change any City policies or ordinances without further action by the City.

Mobility and Access

The region’s transportation system strives to improve mobility and access for people and goods by providing efficient, effective, convenient, accessible, and safe transportation options. The focus is on moving people. ~~Integrating convenient mode choices into more compact and urban future development ensures necessary linkages between our urban, suburban, and rural areas.~~ Economic development, community character, and environmental and health objectives will be advanced with a multi-modal system inclusive of roads and streets, transit routes, bicycle lanes, trails, and sidewalks.

Use Priority and Level of Service

This Plan’s goals and policies for mobility and access include ~~prioritizing travel modes using context to prioritize uses within the entire right-of-way (from back of sidewalk to back of sidewalk) and to set level of service standards, usually within urban, suburban, and rural areas. Whereas measures for vehicular levels of service are well established, multimodal levels of service will require further research and adaptation to Flagstaff regional conditions. Each type of road or street has a use-priority that is stratified based on context and its expected desirability and activity level expected for each road. Use the tables to decide what features to enhance and what features to moderate when right-of-way is scarce or when different uses hinder the functionality of each other. For example; on a suburban arterial, the efficient movement of automobiles - the high use priority, may not allow the space necessary to also park on the street, the low use priority.~~

The tables also describe relative levels of service for each mode with high (H), medium (M), and low (L) set for expectations of service. ~~The service standards for automobiles applies to intersections and for all other modes, it applies the area-place type on the Future Growth Illustration. These service levels are calibrated to the goals and policies of the area-place types. For instance, in urban activity centers, a higher level of congestion is expected as a trade-off for safer and comfortable pedestrian environment. Level of service standards in the Engineering Design Standards and Specifications are needed for pedestrian, bicycle, and transit operations. For the pedestrian and bicycle modes, the standards should go beyond space available on the road to include characteristics of the adjacent automobile traffic, density of the network, connectivity, system completeness, and crossings. In the case of transit, considerations of service frequency, and bus stop accessibility will be important. For example, providing for bicycle and pedestrian use along arterials in urban areas would be a high priority, while those uses are not applicable on freeways and therefore no designation is made there.~~

MOBILITY AND ACCESS GOALS AND POLICIES

Goal T.I. Improve mobility and access throughout the region.

Policy T.I.1.1. Integrate a balanced, multimodal, regional transportation system.

Policy T.I.1.2. Apply Complete Street Guidelines to accommodate all appropriate modes of travel in transportation improvement projects.

Policy T.I.1.3. Transportation systems are consistent with the place type and needs of people.

Policy T.I.1.4. Provide a continuous transportation system with convenient transfer from one mode to another.

Policy T.I.1.5. Manage the operation and interaction of all modal systems for efficiency, effectiveness, safety, and to best mitigate traffic congestion.

Policy T.I.1.6. Provide and promote strategies that increase alternate modes of travel and demand for vehicular travel to reduce peak period traffic.

Policy T.I.1.7. Coordinate transportation and other public infrastructure investments efficiently to achieve land use and economic goals.

Policy T.I.1.8. Plan for development to provide on-site, publicly-owned transportation improvements and provide adequate parking.



URBAN	Use Priority and Level of Service									
	Automobiles*		Transit		Bicycle		Pedestrian		TruckParking	
	Activity Center	General	Activity Center	General	Activity Center	General	Activity Center	General	Activity Center	General
Freeways	n/a	M	n/a	(n/a)	n/a	n/a	n/a	n/a	n/a	M
Area LOS	n/a	n/a	(H)	(M)	(H)	(H)	(H)	(H)	n/a	n/a
Arterials	L-M (L)	H (H)	H	M-H	M	H-M	H	M	L-M	M-M
Collectors	M (M)	M (M)	M-H	M-H	H	M-H	H	H	L-H	M
Thoroughfares	L	M	H	M	M	H	H	H	L	M
Locals	L (M)	L (H)	L	L	H	H	H	H	H	H

SUBURBAN	Use Priority and Level of Service									
	Automobiles*		Transit		Bicycle		Pedestrian		TruckParking	
	Activity Center	General	Activity Center	General	Activity Center	General	Activity Center	General	Activity Center	General
Freeways	n/a	M	n/a	(n/a)	n/a	n/a	n/a	n/a	n/a	M
Area LOS	n/a	n/a	(H)	(M)	(H)	(M)	(H)	(M)	n/a	n/a
Arterials	M-H (M)	M-H (M)	H	M-H	H-M	H-M	M	M	M-L	M-L
Collectors	M (M)	M (M)	M-H	L-M	H	H	H	H	L-H	M
Thoroughfares	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Locals	L (H)	L (H)	L	L	H	H	H	H	H	H

RURAL	Use Priority and Level of Service									
	Automobiles*		Transit		Bicycle		Pedestrian		TruckParking	
	Activity Center	General	Activity Center	General	Activity Center	General	Activity Center	General	Activity Center	General
Freeways	n/a	H	n/a	(n/a)	n/a	n/a	n/a	n/a	n/a	H
Area LOS	n/a	n/a	(L)	n/a	(M)	(L)	(M)	(L)	n/a	n/a
Arterials	H (H)	H (H)	L	L	H	M	L	L	H-L	H-L
Collectors	H (H)	H (H)	n/a	n/a	H	M	M	M	M	M
Thoroughfares	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Local	M (H)	M (H)	n/a	n/a	M	M	M	M	M	M

H = High Priority M = Medium Priority L = Low Priority

*The LOS for the Automobile category is for the rating of intersections, not area-place types. It also includes consideration of truck traffic. The H, M, and L ranking show use priority. If the H, M, or L is in parentheses it shows a relative level of service.

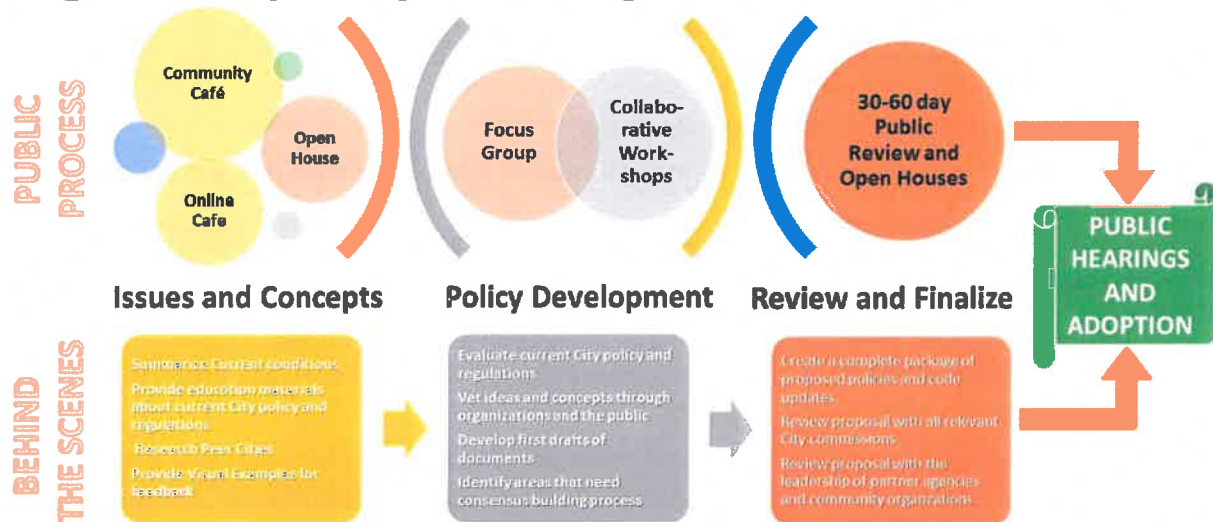
High Occupancy Housing Public Participation Plan

September 2017

Overall Public Involvement Strategy

From October 2013 to October 2014, the City led a community discussion to address student housing in our community. One of the recommendations of the External Working Group was to develop a High Occupancy Housing (HOH) Plan that addressed housing over the traditional density allowed in Flagstaff, including those marketed to students.

High Occupancy Housing Process



Stakeholders and Outreach

Phase 1: Issues and Concepts – July to November 2016

Objectives: Issues and Concepts

Audience: General Public and online

1. 7 Community Café meetings - This method encourages everyone's contribution and helps connect the diverse perspectives on this topic. Staff had some information to share, but the real purpose of these meetings were to stop talking "at" each other, and open all the participants up to meaningful dialogue. Because of the importance of listening in a Community Café, staff took reservations for them and limited the attendance to 30 people.
2. Online Café – Community Café Topics were posted to the Flagstaff Community Forum for further public involvement.

3. 2 Open Houses – Open Houses provided the public an opportunity to become informed about the existing conditions and research about Peer Cities, Land Use and Parking, Affordability, Property Management, NAU Housing, Water, and Traffic.

Phase 2: Policy Development – December 2016 to May 2017

Objectives: Narrow possible solutions and collaborate on the initial policies

Audience: Stakeholder representatives and general public

1. Stakeholder interviews – A diverse group of individuals were invited to participate in stakeholder interviews and eventually a focus group.
2. Focus Groups - Convened a focus group to evaluate potential policies and understand the tolerance for change and risk from a diverse group of stakeholders.
3. Workshop to evaluate potential goals, policies and implementation strategies. Dot exercise used to prioritize and adjust proposals for draft plan.

Phase 3: Review and Finalize – June to September 2017

Objectives: Feedback on a draft and potential alternatives

Audience: General Public and online

1. Distribute draft plan for 60 day public review
2. Hold office hours at both public libraries to educate interested individuals and review the plan content.
3. One-on-one meetings by request with interested members of the public.
4. Public Workshops to evaluate potential goals, policies and implementation strategies. Break out groups discussed main topics. Meeting notes are being prepared now.
5. Online public involvement – topics are posted to the Flagstaff Community forum for the second month of the 60 day comment period.
6. Public meetings for updates to transect codes proposed as part of the High Occupancy Housing Strategies begin as a separate but related process, managed by the Zoning Code Manager.
7. Board and Commission presentations and feedback.

Board or Commission	Date
Beautification and Public Art Commission	July 10
Heritage Preservation Commission	July 19
Transportation Commission	August 2
Bicycle Advisory Committee	August 3
Pedestrian Advisory Committee	August 10
Flagstaff Housing Authority	August 16
Commission on Disability Awareness	August 22
Planning and Zoning Commission Work Session	September 13
Beautification and Public Art Commission	September 11
Parks and Recreation Commission	September 20
City Council Work Session	September 26
Sustainability Commission	September 28

Phase 4: Public Hearings and Adoptions – October 2017 to January 2018

Objective: Review and Adopt

Audience: General Public

1. Citizen Review session
2. Possibility to follow other decision making with commissions, if requested by the Planning and Zoning Commission or City Council.
3. Planning and Zoning Commission Hearings (2)
4. City Council Work Session
5. City Council Hearing - City Council votes on all resolutions and ordinances needed to implement the plan. Direction from Council on how to fund/prioritize phased sections of the implementation plan.

Tentative Meeting Logistics and Advertising

Task	Potential Timeline
Find 4 meeting locations for World Cafés	May 2016
Set up reservation system for World Café meetings	May 2016
Advertise World Café meetings	June 2016
Set up online public involvement	July 2016
Advertise FCF in Lumberjack and on-campus	September 2016
Advertise Student-Specific World Café meeting	October 2016
Advertise Open House	October 2016
Issue RFP for Consultant for collaborative workshops	October 2016
First online public involvement opportunity	September 2016
Hold Open House	November 2016
Interview potential Focus Group Attendees	March 2017
Hold Focus Group Workshop to develop draft goals, policies and strategies	April 2017
Advertise Public Workshop to develop draft goals, policies and strategies	April 2017
Host Public Workshop	May 2017
60 day public review	July - September 2017
Schedule Commission presentations	July – September 2017
Advertise Public Workshops to discuss Draft Report goals, policies and strategies	August 2017
Public Workshops on Draft Report	August 2017
Advertise public hearings	October - December 2017
Public Hearings	November - January 2017

Related staff work

Phase 1: Kick-off Meetings

- Core team will develop the 6 strategic questions with any extended team members interested
- Extended team will help advertise meetings
- Core and extended teams will sign up to help set up and recorder roles at each event.

- Open house will require preparation of materials from core and extended team.
- Project manager will prepare summary of World Cafes and online survey carrying forward the strategic questions from the World Café meeting

Phase 2: Focus groups and Public Workshops

Project manager will schedule and conduct focus group meetings. Questions and materials will be developed and reviewed by relevant core team and extended team members ahead of focus group discussion. Core and extended team will refine materials and prepare them for public workshops for developing policies for the draft plan.

Phase 3: Public Review Period Outreach

Project manager will schedule workshops during review period and visit with Commissions. Core and extended team will support workshops. The goal of the workshops is to go in depth on specific elements and create a forum for staff and community members to collaboratively develop solutions and alternatives for consideration by the Commissions and Council.

Reporting

The project manager will produce a report that summarizes the comments received through the neighborhood meeting process no later than 20 days after each meeting and will present the findings of this report to the project core team meetings. The report will be posted online and transmitted to the Planning and Zoning Commission and City Council.

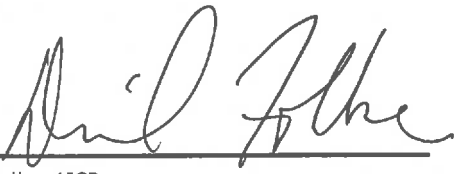
Draft agendas for meetings will be posted to the project website as they are finalized.

Adoption Process

The process for considering and adopting the specific plan will follow the procedures in the City Code pertaining to Major Plan amendments. Even though the adoption of a specific plan is typically a minor amendment, following the major amendment process will allow for more extensive outreach and citizen engagement. The steps outlined in the City Code are:

1. Public notices - 15 to 30 days before hearings
 - a. In the Arizona Daily Sun
 - b. Placement of signs announcing public hearings
2. Citizen's Review Session (joint meeting with Planning and Zoning, and Council) – City Hall, November 8, 2017
3. Planning and Zoning Commission Hearing #1 – Flagstaff Aquaplex, December 13, 2017
4. Planning and Zoning Commission Hearing #2 – City Hall, January 10, 2018
5. City Council Meeting – Presentation of Resolution to adopt the Specific Plan – TBD

Approval by Planning Director

X 

Dan Folke, AICP
Planning Director



High Occupancy Housing Plan Public Review Draft

City Council Work Session

September 26, 2017

Sara Dechter, AICP, Comprehensive Planning Manager

www.flagstaff.az.gov/hohplan

Tonight's Objectives



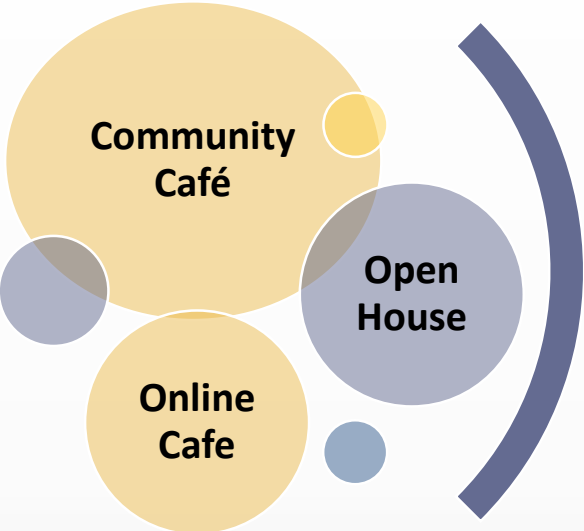
- Introduce the City Council and the public on the content of the draft plan and its rationale
- Gather more information related to concerns and comments
- Understand what needs to be clarified, reorganized, or further researched between the draft and final version

Staff will request formal direction from the City Council at the November 8th Joint City Council and Planning and Zoning Commission Citizen's Review Session

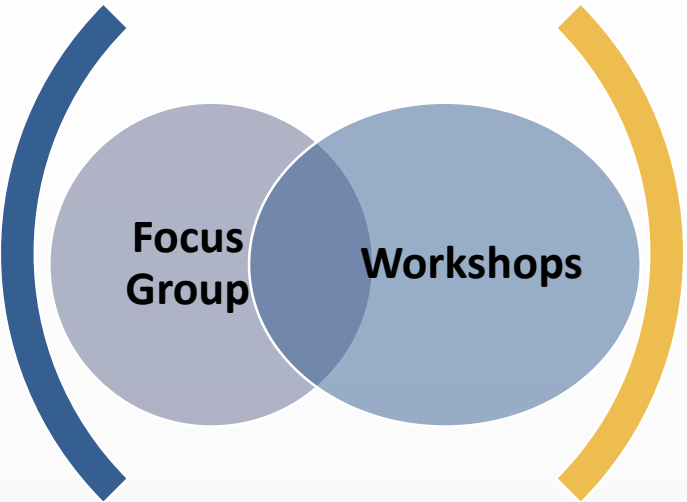
High Occupancy Housing Process



PUBLIC
PROCESS



Issues and
Concepts



Policy
Development



Review and
Finalize



BEHIND
THE SCENES

Summarize Current conditions
Provide education materials about current City policy and regulations
Research Peer Cities
Provide Visual Examples for feedback



Evaluate current City policy and regulations
Vet ideas and concepts through organizations and the public
Develop first drafts of documents
Identify areas that need consensus building process



Create a complete package of proposed policies and code updates.
Review proposal with all relevant City commissions
Review proposal with the leadership of partner agencies and community organizations

Tentative adoption schedule



Wednesday, November 8, 2017

Joint P&Z and Council Citizen's Review Session

Wednesday, December 13, 2017

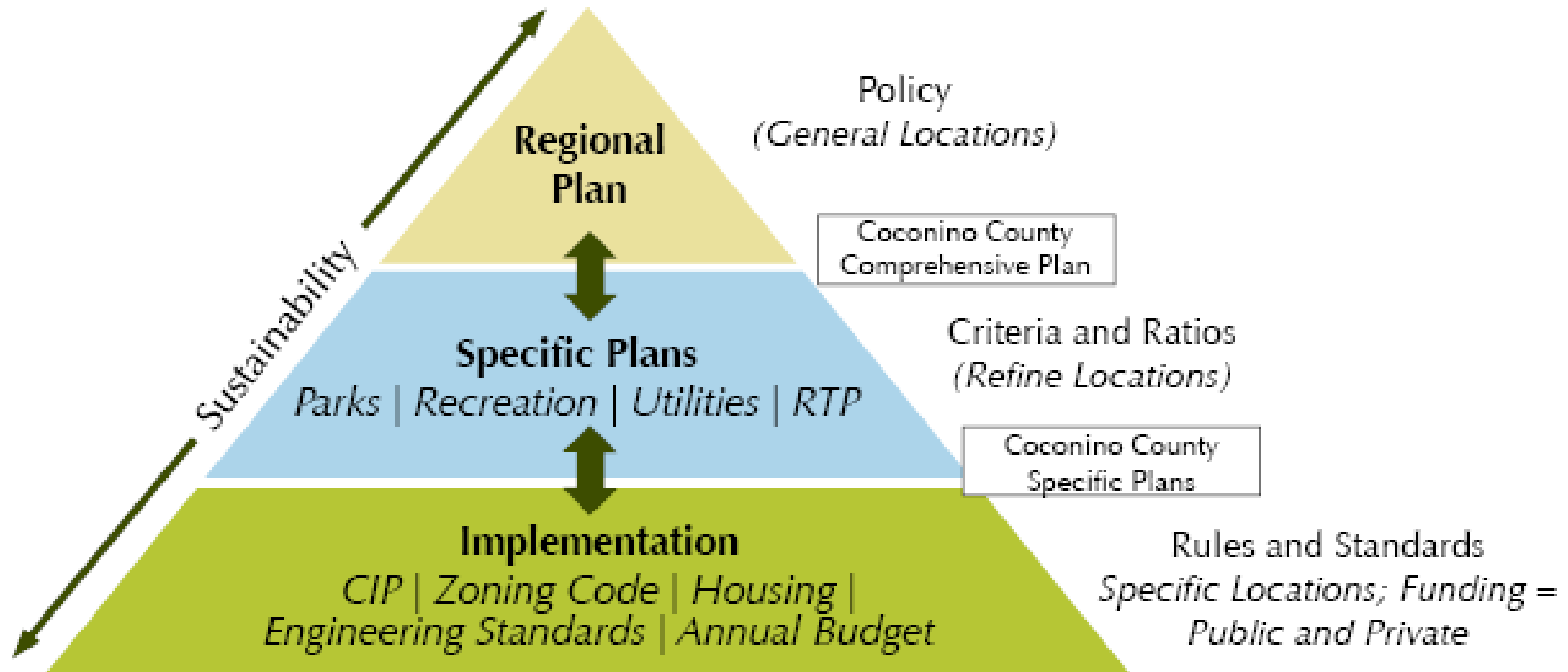
1st Planning and Zoning Commission Hearing at the
Flagstaff Aquaplex

Wednesday, January 10, 2018

2nd Planning and Zoning Commission Hearing at City Hall

Date TBD - City Council Hearing

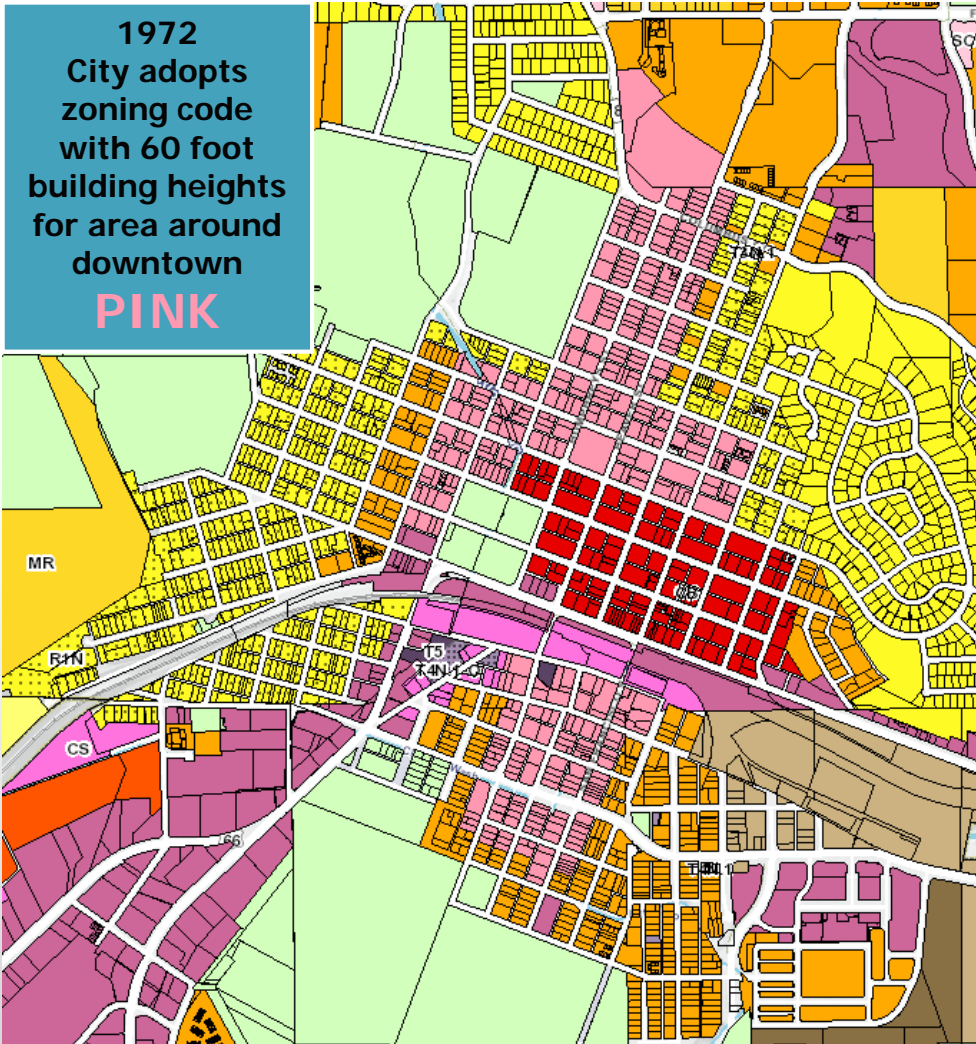
Tools for HOH Planning



History of Density in Flagstaff

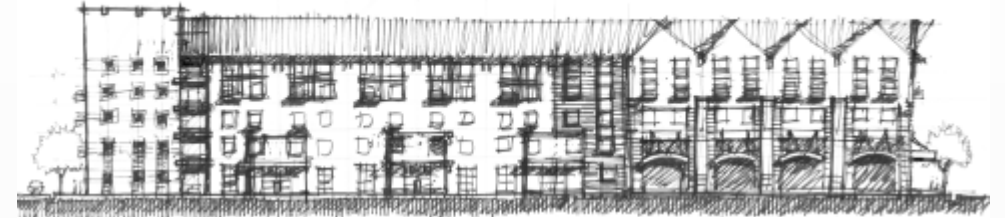


1972
City adopts
zoning code
with 60 foot
building heights
for area around
downtown
PINK



1980s and 1990s
Flagstaff's plans
discuss activity
centers and
dense mixed use,
especially near
Downtown,
without
illustrations

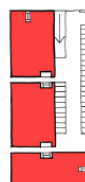
2002 Downtown Development Strategy



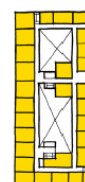
2004 Southside Strategies



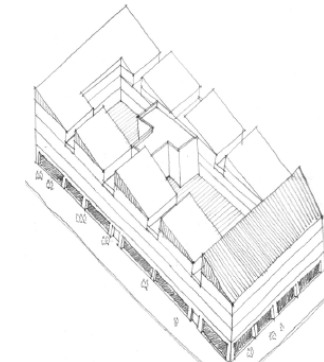
Basement
Level



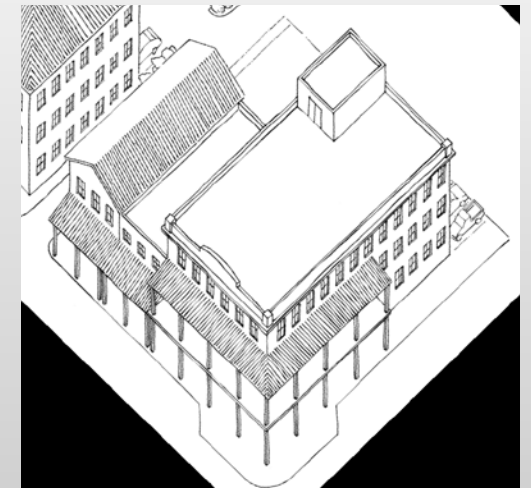
Street
Level



Upper
Level



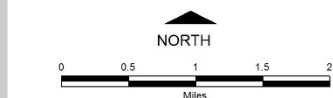
2011 Zoning Code



Map 22:
FUTURE GROWTH ILLUSTRATION

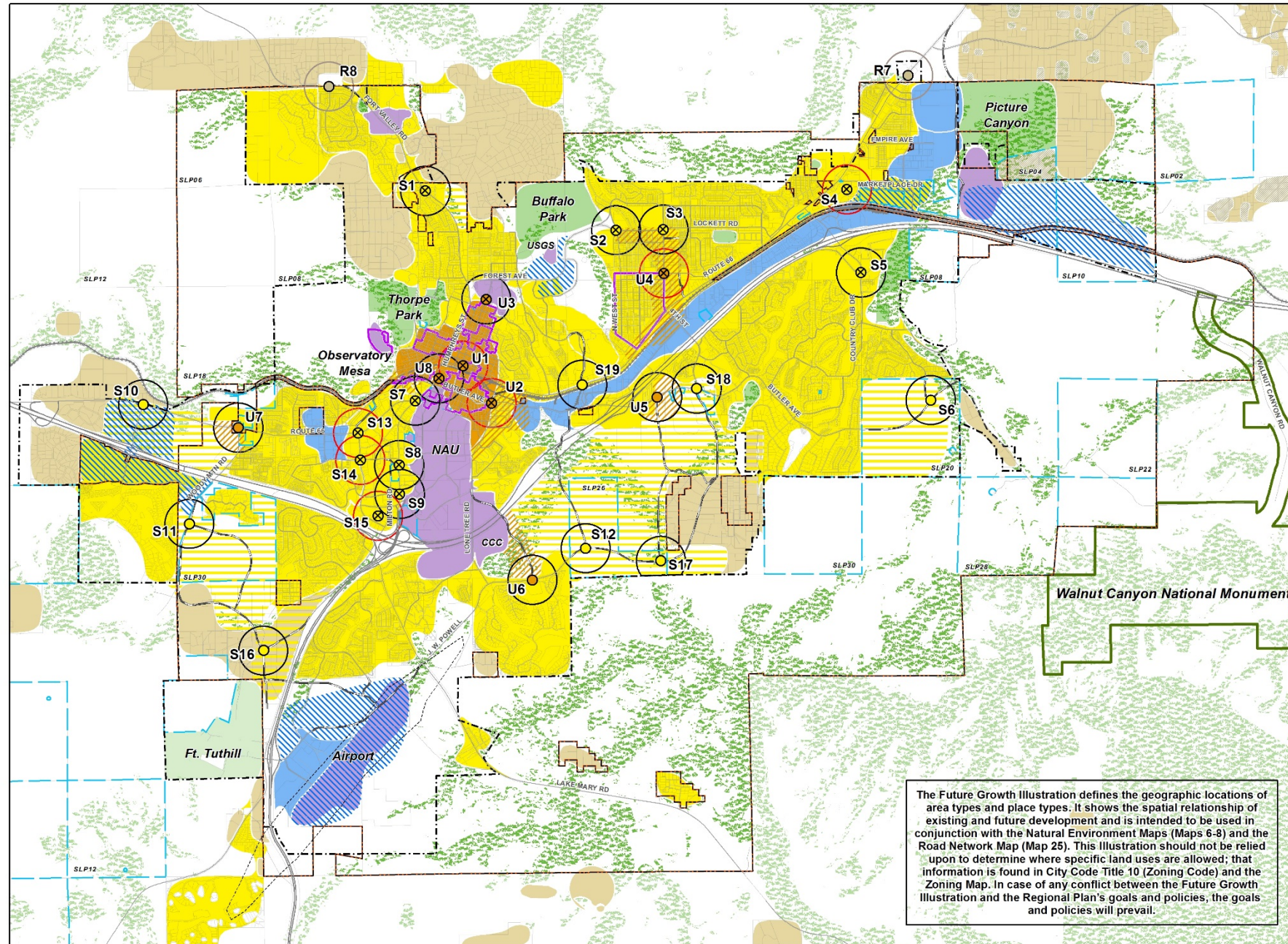
- Urban Growth Boundary
- City of Flagstaff
- Future Activity**
 - Suburban Activity Center (S1)
'x' symbol identifies existing center
 - Urban Activity Center (U1)
'x' symbol identifies existing center
 - Rural Activity Center
- Rural - Existing
- Rural - Future
- Suburban - Existing
- Suburban - Future
- Urban - Existing
- Urban - Future
- Special Planning
- Existing Employment/Industrial
- Future Employment
- Park/Open Space
- Concentration of Natural Resources
(see Figure 8)
- RTP Future Road Network
- Areas in white retain their existing entitlements
- Fly Zone

Future growth illustrations and plans do not preclude private development entitlements. Please see www.flagstaffmatters.com for an interactive GIS map.



FLAGSTAFF REGIONAL PLAN
VISION 2030: PLACE MATTERS

The Future Growth Illustration defines the geographic locations of area types and place types. It shows the spatial relationship of existing and future development and is intended to be used in conjunction with the Natural Environment Maps (Maps 6-8) and the Road Network Map (Map 25). This Illustration should not be relied upon to determine where specific land uses are allowed; that information is found in City Code Title 10 (Zoning Code) and the Zoning Map. In case of any conflict between the Future Growth Illustration and the Regional Plan's goals and policies, the goals and policies will prevail.



Trade-offs



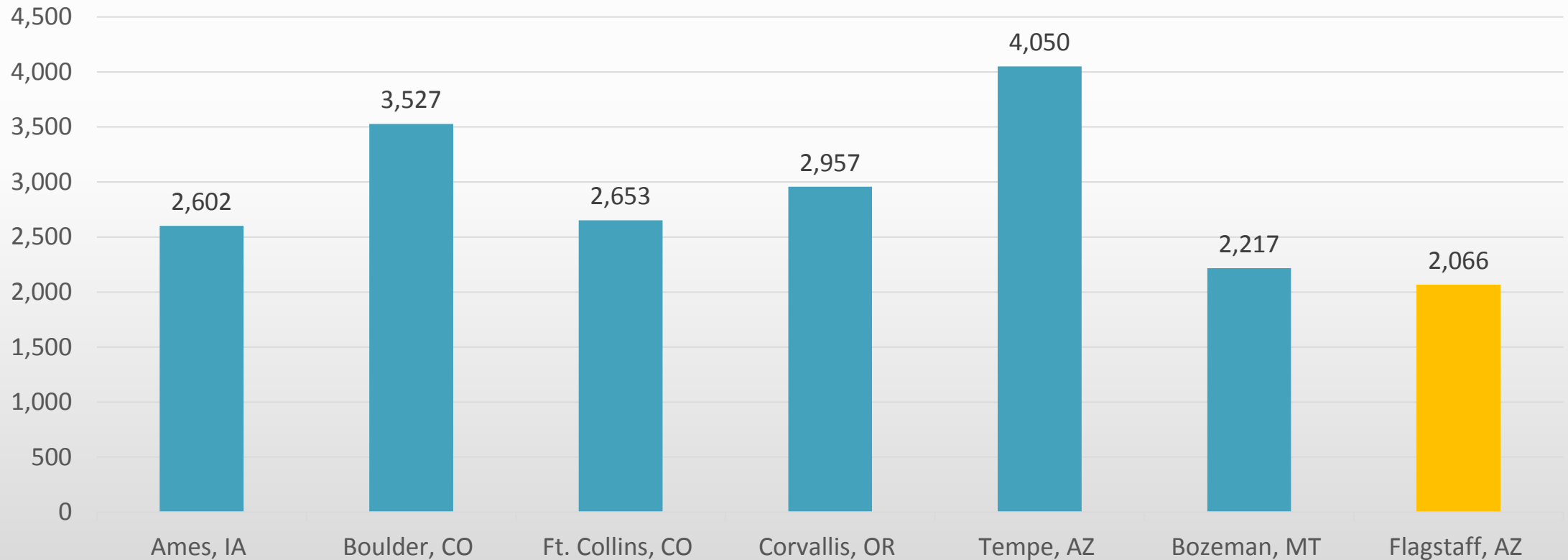
How were policies developed?



Flagstaff is currently a low density community compared to Peer Cities



Density: Persons Per Square Mile

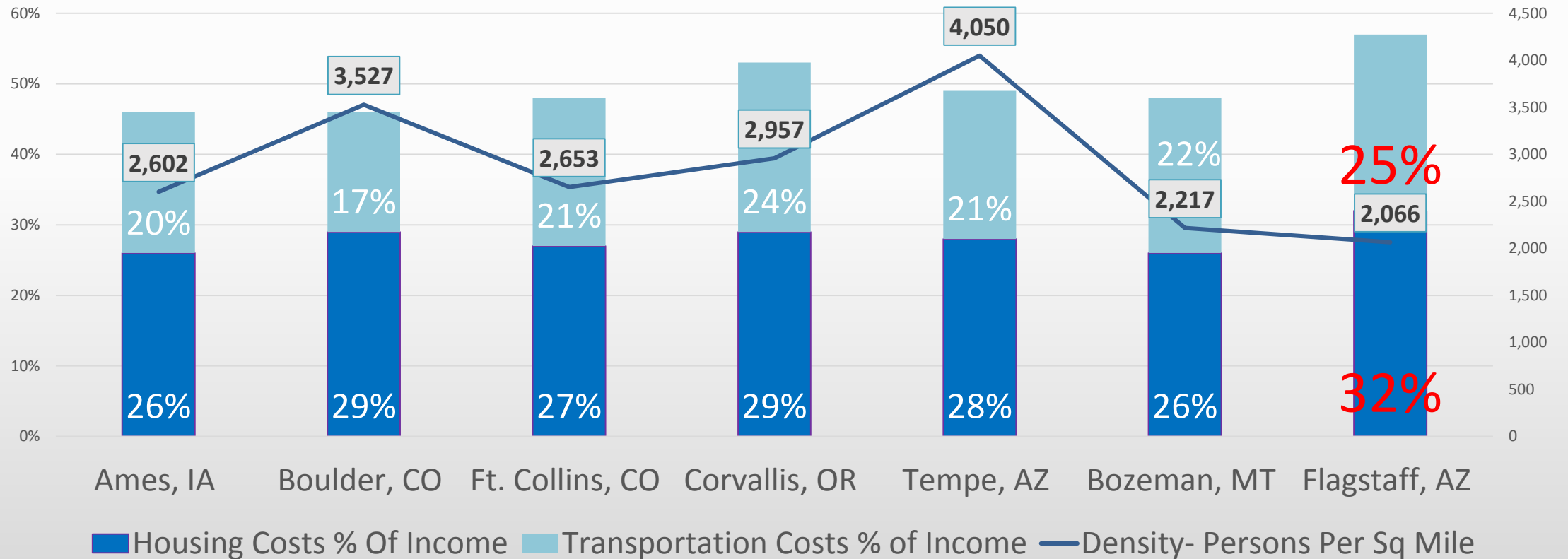


Source: 2010 U.S. Census

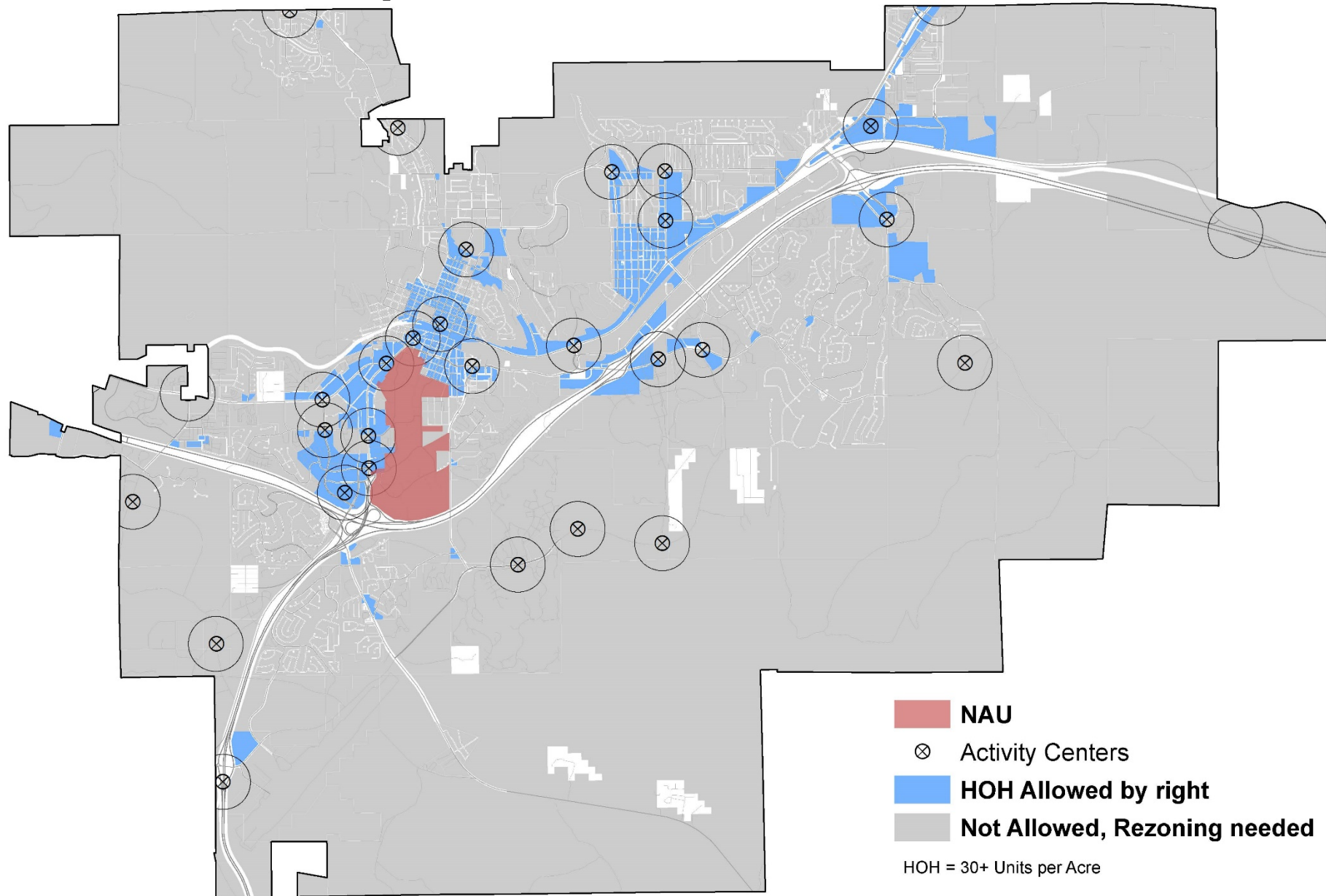
Flagstaff is most cost burdened relative to Peer Cities



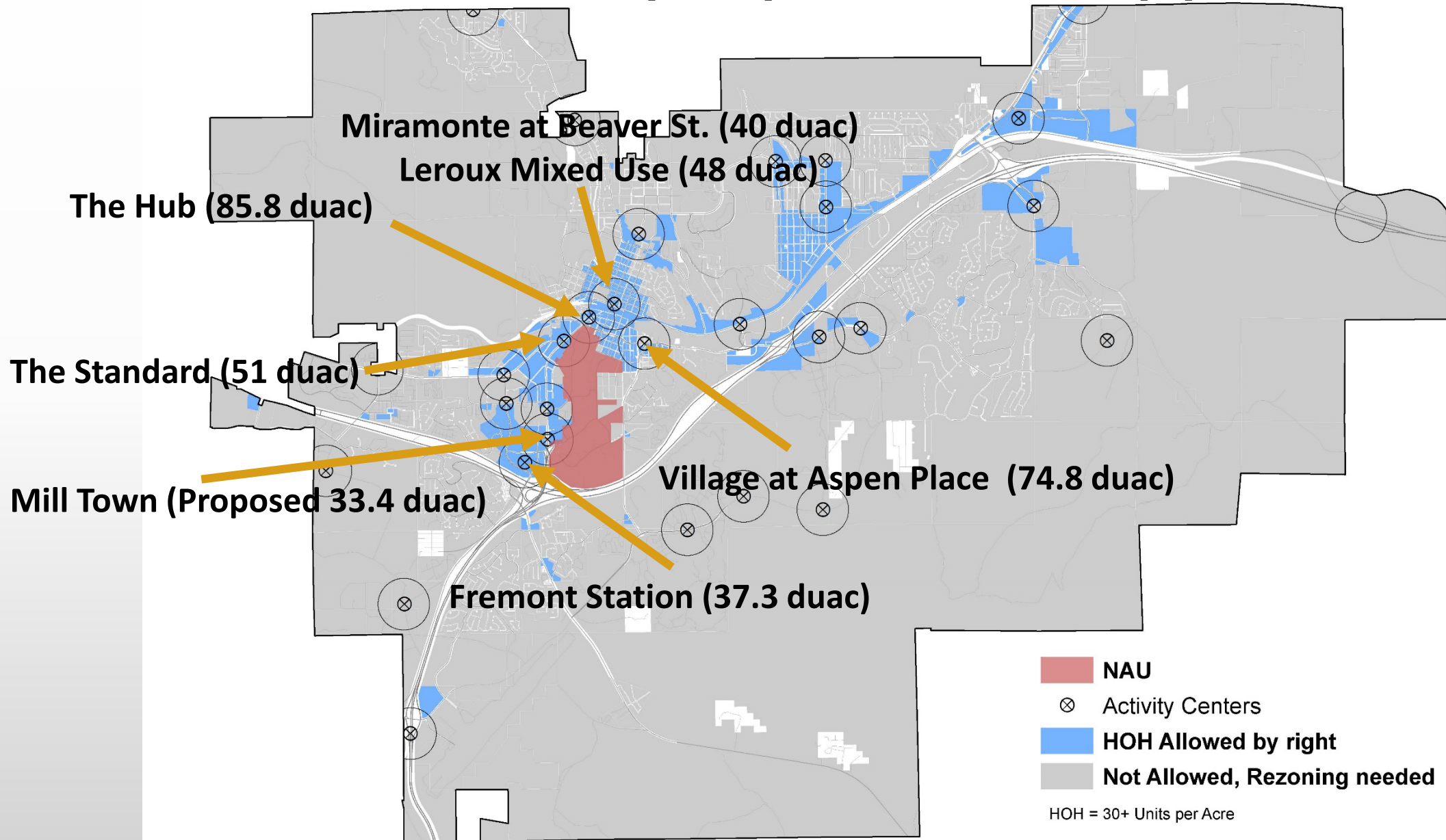
Peer Cities Cost Burden and Density



Where is HOH permitted?



Where is HOH proposed or approved?



Ch. 2: Site and Area Analysis



- How HOH and different topics interact
- How we can move forward
- Peer Cities Content

Ch. 3: Concept Plan

- Illustrations that pull together goals and policies
- Property owners are not beholden to the illustration

Ch. 4: Goals, Policies, and Implementation Strategies



A **GOAL** is a desired result a community envisions and commits to achieve.

A **POLICY** is a deliberate course of action, mostly direct at decision makers in government, but also may be for institutional and business leaders – to guide decisions and achieve stated goals.

STRATEGIES are suggested ideas of how to specifically implement policies (refer to Appendix B for a list of strategies grouped by topic).

Goals, Policies, and Implementation Strategies



1. "Fit"
2. Location
3. Traffic
4. Sidewalks and Parks
5. Sustainability
6. Town-Gown
7. Affordability and Sustainability Incentives
8. Economic Resiliency
9. Legislative

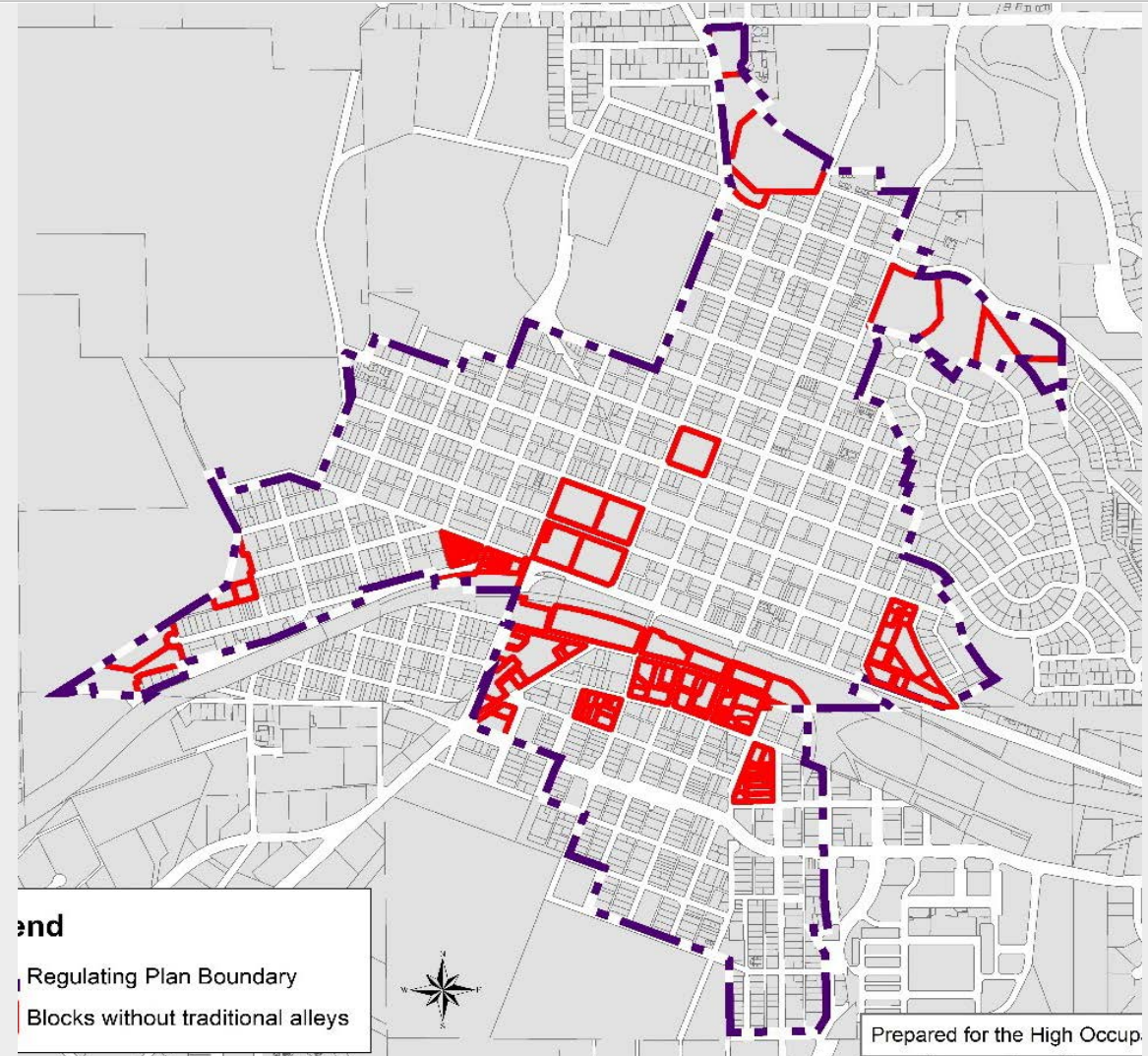
33
policies
53
implementation
strategies

Connect and Enhance Urban Patterns (p. 66-68)



The “Fit” Goal

- Street and alley pattern
- Mix of old and new buildings
- Adaptive reuse and Historic Preservation
 - Calculating density
 - Parking management
- Commercial Block (Transect Zones)



Complete and Connector Activity Centers (p. 69-72)



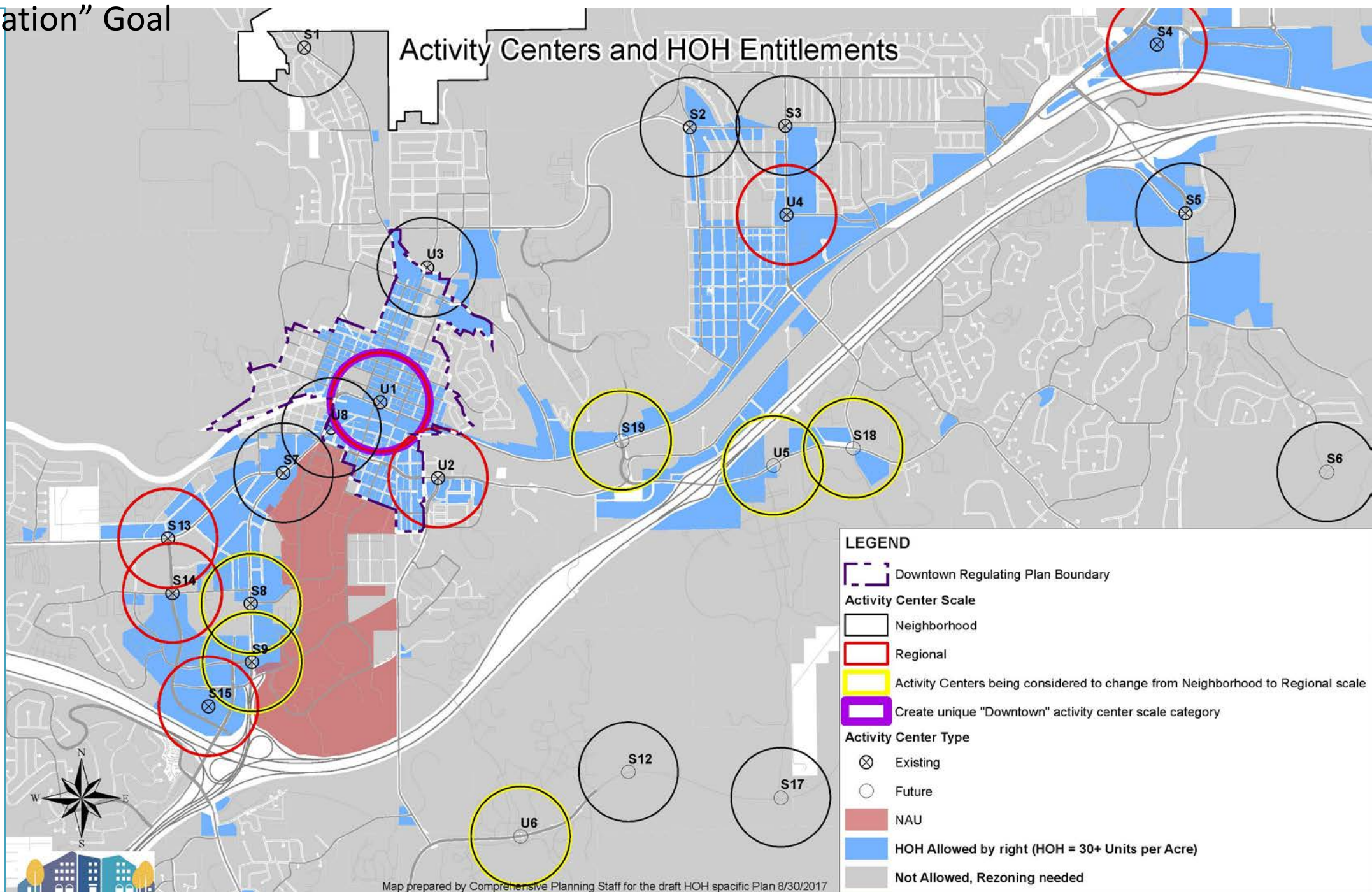
The “Location” Goal

- Transit is key to Location
- Where to support HOH rezonings
 - Address Downtown differently
- What to do about locations that currently allow HOH
 - Possible CUP for Large scale HOH*
 - Block size in Activity Centers
- Active and vibrant streets and public spaces

*This strategy conflicts with one to enhance affordability

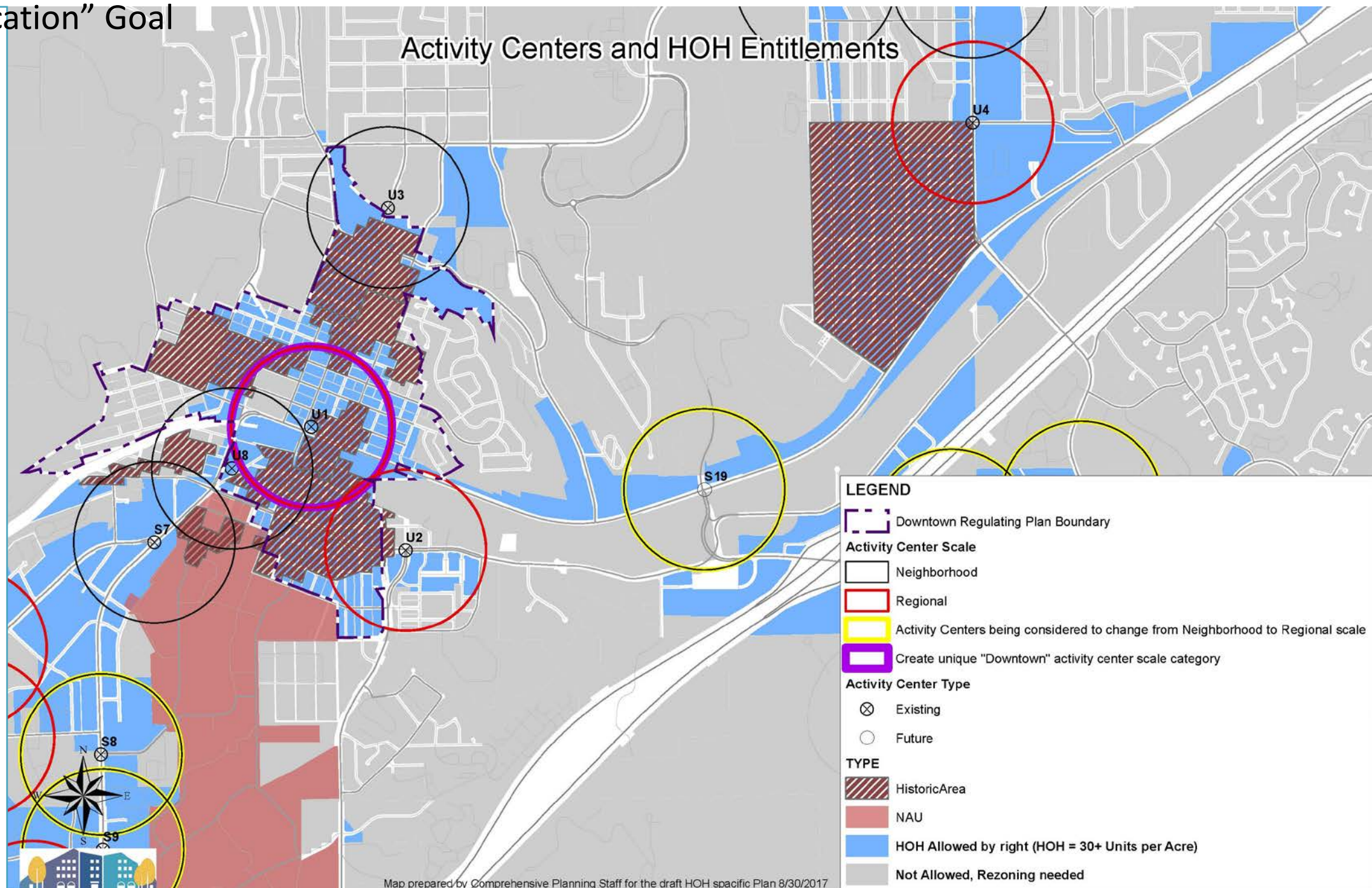
Goal 2: The "Location" Goal

Where
should
HOH go
in the
future?



Goal 2: The "Location" Goal

Where
should
HOH go
in the
future?



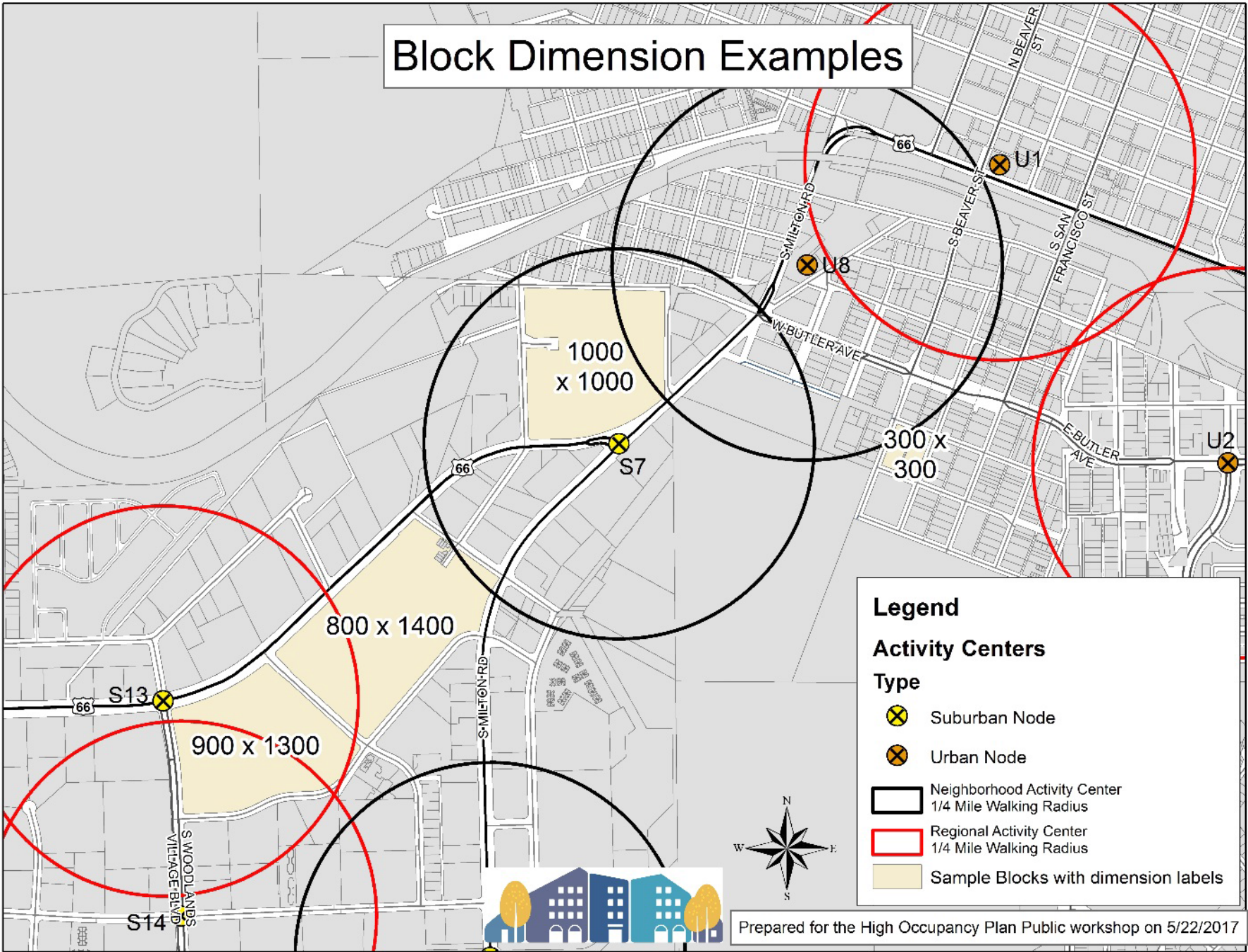
What about where HOH is already permitted?



- In the Zoning Code, create a conditional use permit (CUP) or overlay for mixed use buildings in Highway Commercial, Community Commercial, and Commercial Services zones that:
 - Have a density of more than 50 units per acre or
 - Have a bedroom density that is more than 125 bedrooms per acres, or
 - Have a site that is larger than one acre.
- Possible edit: Only require the CUP outside of the Commercial Core of Regional Activity Centers.
- Downtown is purposefully left out because it already has architectural review. Standards could be strengthened. Without creating a new process.

Block Size

Regional Plan
calls for adding
connectivity
around HOH and
in activity centers



Block Size

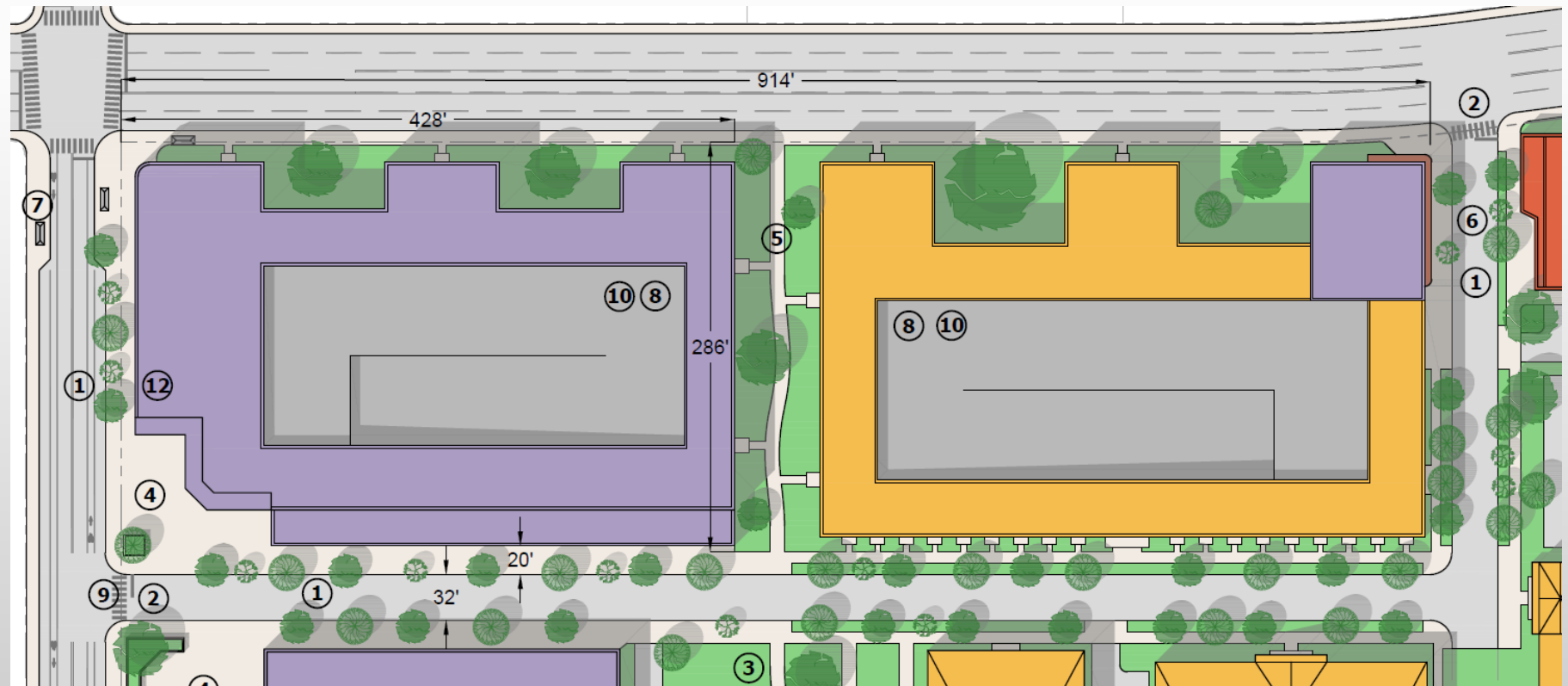
- Current Regional Plan direction in Urban Activity Center: 300 ft. x 300 ft. or 300 ft. x 600 ft. block size





Block Size

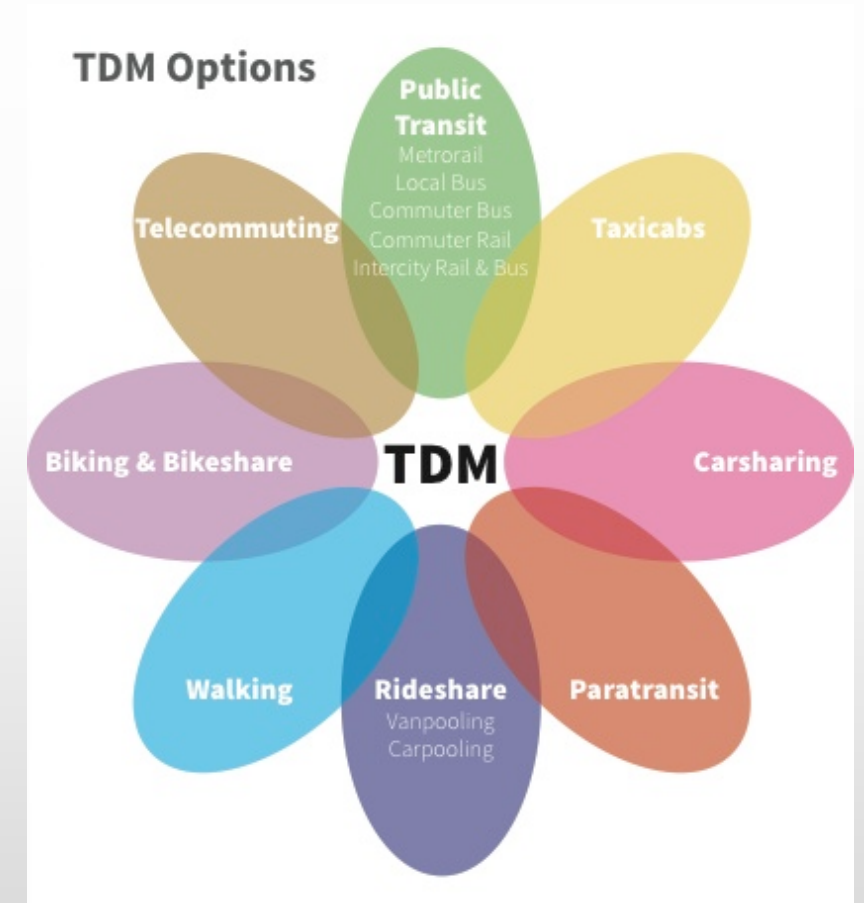
- Suburban Activity Center: proposed 1,000 x 1,000 maximum
 - Across any lot or block in an activity center, bicycle and pedestrian connectivity is generally 600 x 600 maximum



Efficient and equitable Transportation (p. 73-75)

The “Traffic” Goal

- Better targeted parking reductions
- Updates to Engineering Standards (street cross-sections, TIAs, transit)
 - Travel Demand Management
- Focus on Milton as a barrier to pedestrians

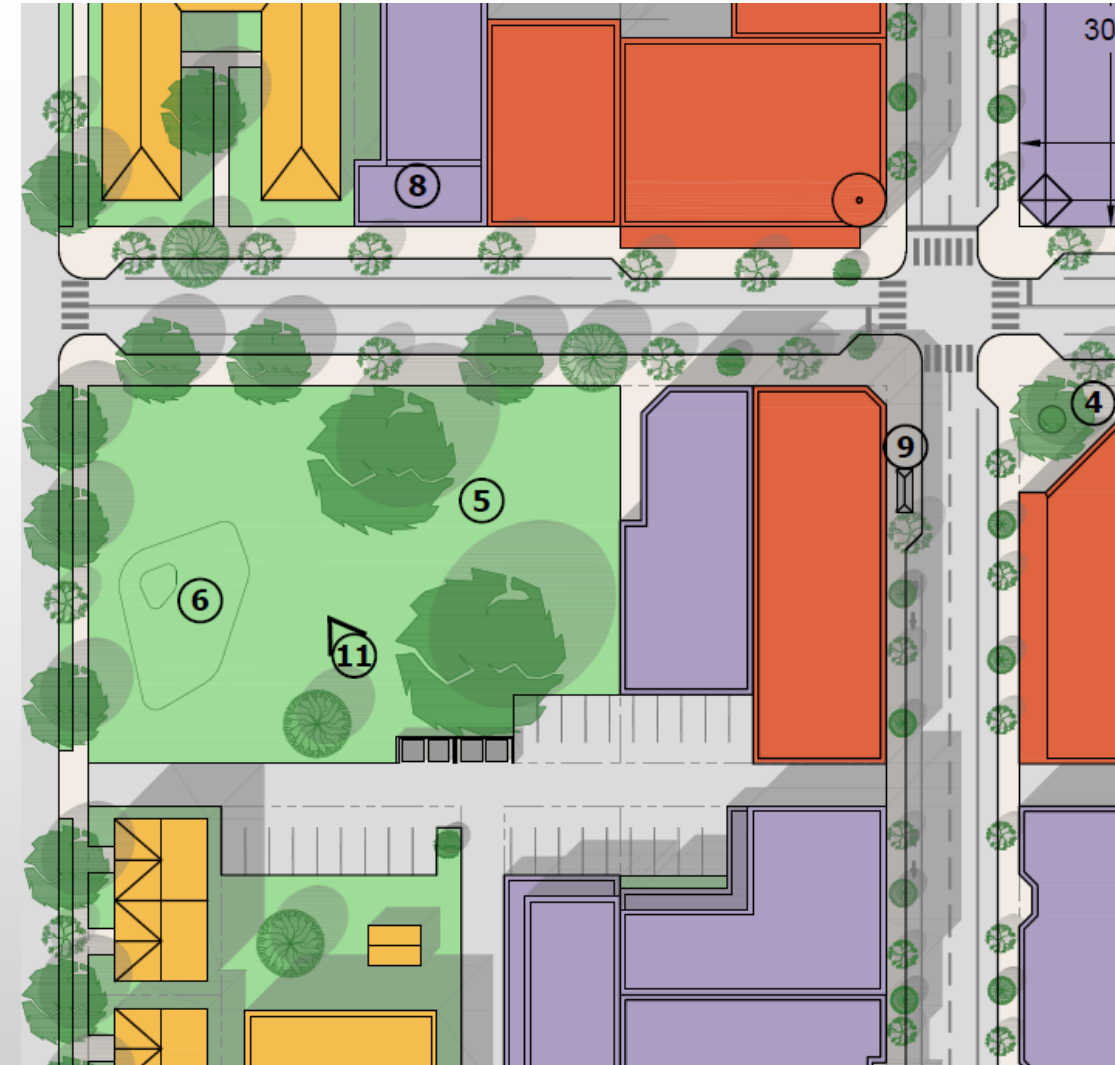


Public Spaces (p. 76-77)



The “Sidewalks and Parks” Goal

- Viewshed Analysis
- Consolidate civic space
- Allow for smaller public parks in Activity Centers
- Roads and sidewalks support civic spaces and activity
- Beautify buildings raised above the floodplain



Stormwater, Waste and Energy (p. 78-79)



The “Sustainability” Goal

- Rio de Flag
- Green Infrastructure for stormwater
 - Recycling in multifamily
 - Energy standards for new buildings
- Support financing for alternative energy

Other Goals (p. 80-83)



"Town-Gown"

- Good Neighbor expectations
- Education and Outreach
- Connect students and neighborhood services

Affordability and Sustainability

- Address competing incentives (affordability v. sustainability)
- Replace the "unlimited" density for mixed use with a maximum
- Don't limit sustainability features for buildings by zoning districts.

Other Goals (p. 80-83)



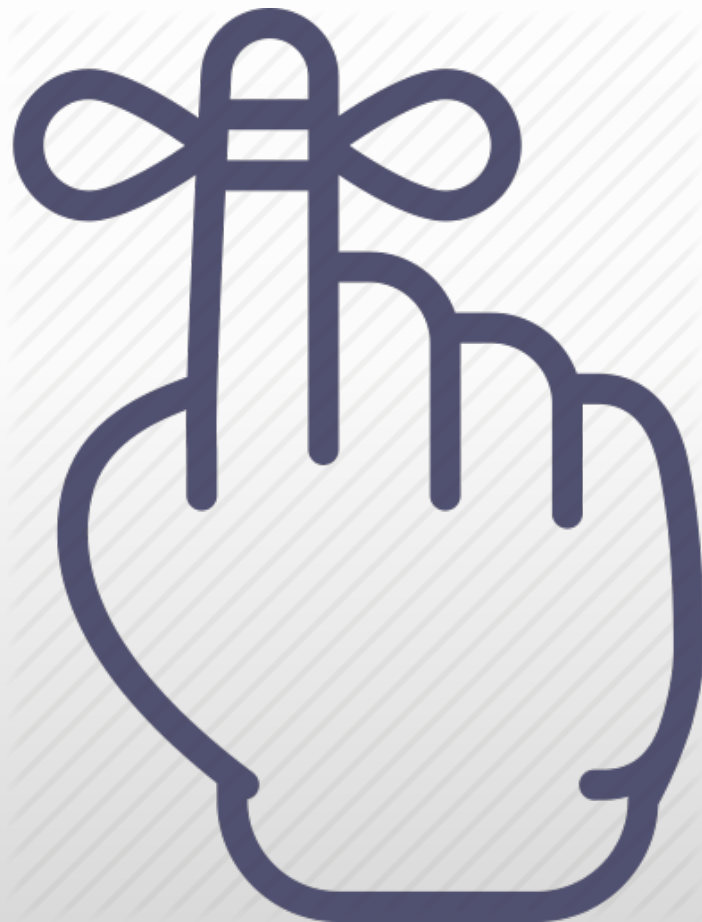
Economic Resiliency

- Flexibility in building and space design
- Integrate primary sector employment opportunities
- Workforce housing near employment
- Opportunities for local ownership and entrepreneurship

Legislative

- City Council sets legislative priorities
- These are important tools available to peer communities:
 - Inclusionary Zoning
 - Prevent demolition of building with integrity and significance
 - Property Assessment Clean Energy program

Appendix B: Plan Amendments



Tonight's Objectives



- Introduce the City Council and the public on the content of the draft plan and its rationale
- Gather more information related to concerns and comments
- Understand what needs to be clarified, reorganized, or further researched between the draft and final version

Staff will request formal direction from the City Council at the November 8th Joint City Council and Planning and Zoning Commission Citizen's Review Session

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To: The Honorable Mayor and Council
From: Rick Tadder, Management Services Director
Co-Submitter: Rick Compau, Purchasing Director
Date: 09/19/2017
Meeting Date: 09/26/2017



TITLE

Discussion related to possibly amending the Procurement Code Manual by setting standards for the types of businesses with which we prefer to conduct business.

STAFF RECOMMENDED ACTION:

Council Direction

EXECUTIVE SUMMARY:

On April 4, 2017, Councilmember Putzova presented a Future Agenda Item Request (F.A.I.R.) to have a discussion related to amending the City's Procurement Code Manual, specifically setting some standards for the type of business partners we prefer conducting business with and those that meet rigorous standards of social and environmental performance and accountability and transparency.

Councilmember Putzova will be seeking agreement from at least three additional Councilmembers to further the discussion on this request.

INFORMATION:

Council member Putzova provided staff with language she would like considered for inclusion in the Procurement Code Manual. This amendment is to Article 30 Suspension, Debarment, Section B-2. Below is the recommended language:

Current Language:

2. Conviction of any person or any subsidiary or affiliate of any person under any statute of the Federal Government, this State or any other state for embezzlement, theft, fraudulent schemes and artifices, fraudulent schemes and practices, bid rigging, perjury, forgery, bribery, falsification or destruction of records, receiving stolen property or any other offense indicating a lack of business integrity or business honesty which affects responsibility as a City contractor.

Additional language to consider:

, or violation of a relevant criminal statute, as evidenced by a public enforcement order or judgment, settlement with a relevant federal or state enforcement agency, imposition of fines or penalties, or other formal finding by the relevant enforcement agency with regulatory enforcement authority under the applicable consumer protection law.

Attachments: Procurement Code Manual



PROCUREMENT CODE MANUAL

***CITY OF FLAGSTAFF
PURCHASING SECTION***

***CITY OF FLAGSTAFF
211 W. ASPEN AVE.
FLAGSTAFF, ARIZONA 86001***

***Council Approved and Adopted
July 16, 2013***

Last Revised: June 2, 2015

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ARTICLE 1 **PURPOSE; DIRECTOR AUTHORITY AND DUTIES; DELEGATION**

A. Purpose.

The City operates as a centralized Purchasing Section under the supervision of a Purchasing Director ("Director"), which shall have for its purpose the purchase of materials, services, and construction for the City and shall:

1. Establish efficient procurement, inventory and disposition of surplus personal property procedures;
2. Purchase all materials, services, and construction for the City at the lowest possible cost commensurate with quality needed;
3. Exercise positive financial control over purchases;
4. Clearly define authority for the purchasing function and the City's Purchasing Code of Ethics;
5. Assure the quality of purchases; and
6. Provide procurement assistance to all City Departments and Divisions;

B. Director Authority and Duties.

The Director shall:

1. Except as otherwise provided in this Procurement Code Manual, the Director shall establish rules consistent with this Procurement Code Manual, governing the procurement of all materials, services and construction to be procured by the City. Rules and procedures for the procurement of construction and professional design services, shall also be consistent with Arizona Revised Statutes, (A.R.S.) Title 34, Public Buildings and Improvements.
2. Except as otherwise provided in this Procurement Code Manual, procure all materials, services and construction required by any Department or Division of the City in accordance with the provisions of this Procurement Code Manual and such procurement rules as may be established pursuant to this Procurement Code Manual.
3. Establish rules and procedures for the management of inventories of material and surplus personal property belonging to the City.
4. Sell, trade or otherwise dispose of surplus personal property belonging to the City in compliance with requirements of the City Charter.
5. Establish and maintain programs for the inspection, testing and acceptance of materials, services and construction.

6. Discourage collusive and restrictive bidding and endeavor to obtain as fair and open competition as possible on all purchases.
 7. Prepare and recommend to the City Council revisions and amendments to this Procurement Code Manual.
 8. Keep informed of current developments in the field of purchasing, prices, market conditions and new products.
 9. Prescribe and maintain such procedures as necessary for the operation of the centralized procurement function.
 10. Maintain a Bidder's list, material, service and construction references and all records needed for the efficient operations of the centralized purchasing function.
- C. Delegation of Authority.

The Director hereby delegates the powers and duties of the Director authorized by this Procurement Code Manual to the Purchasing Section Staff.

ARTICLE 2 **APPLICABILITY**

- A. The provisions of this Procurement Code Manual apply only to procurements initiated after its effective date. The City Attorney's office, in consultation with the Director, shall interpret the provisions the provisions of this code in the event of any ambiguity.
- B. The provisions of this Procurement Code Manual are applicable to every purchase of materials, services and construction with public monies, including federal grants, and federal assistance monies except as otherwise provided in this section. Nothing in this Procurement Code Manual shall supersede the **Flagstaff City Charter**, or the terms and conditions of any grant, gift or bequest accepted by the City Council. If the procurement involves the expenditure of grants, federal assistance or contract monies or is subject to state law, the director shall comply with federal and state law and authorized regulations which are mandatorily applicable and which may not be reflected in this Procurement Code Manual.
- C. Contracts for construction, as defined in Article 12, and contracts for the services of architects or engineers to be used in connection with construction contracts shall be governed by the provisions of A.R.S. Title 34, Public Buildings and Improvements. Procedures and other provisions of this Procurement Code Manual, and rules established pursuant thereto, shall apply to such contracts only to the extent such Procurement Code Manual provisions, procedures and rules are not inconsistent with A.R.S. Title 34, Public Buildings and Improvements.
- D. Professional services, such as appraisals, title searches/reports and policies, used in support of Real Property Transactions, are subject to all applicable Sections of this Procurement Code Manual.
- E. The following contracts are not subject to this Procurement Code Manual:
 1. Intergovernmental agreements;

2. Agreements negotiated by the Risk Management Manager or the City Attorney for the settlement of litigation or threatened litigation; and
3. Easement Agreements or Right of Entry Agreements.

ARTICLE 3 **SUPPLEMENTARY GENERAL PRINCIPLES OF LAW**

Nothing in this Procurement Code Manual shall supersede Article VIII, "Contracts", Sections 1 through 10, of the Flagstaff City Charter.

ARTICLE 4 **DEFINITIONS**

The words defined in this section shall have the meanings set forth below whenever they appear in this Procurement Code Manual, unless the context in which they are used clearly requires a different meaning or a different definition is prescribed for a particular provision.

Addendum means any formal notification of any revision to pertinent information contained in either an informal or formal solicitation.

Advantageous means in the best interest of the City.

Affiliate means any person whose governing instruments require it to be bound by the decision of another person or whose governing board includes enough voting representatives of the other person to cause or prevent action, whether or not the power is exercised. It may also include persons doing business under a variety of names, or where there is a parent-subsidiary relationship between persons.

Alternative Project Delivery Methods means construction related projects that utilize Construction-Manager-At-Risk, Design-Build or Job-Order-Contracting, instead of the traditional Design-Bid-Build method of construction project delivery.

Authorized Purchase means any purchase that has been requisitioned and that has gone through the appropriate approval processes.

Best and Final Offer means a formal process, conducted by the Purchasing Agent as the last phase of a Request for Proposals process after formal discussions and/or Proposer presentations are conducted.

Best Interests of the City means advantageous to the City.

Brand Name or Approved Alternate Specification means a specification that uses one (1) or more manufacturers' names or catalogue numbers to describe the standard of quality, performance, and other characteristics needed to meet City requirements, and that provides for the submission of equivalent products.

Brand Name Specification means a specification limited to one (1) or more items by manufacturers' name or catalogue numbers.

Business means any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture or any other private legal entity.

Capital Improvements means construction related projects involving the process of building, altering, repairing, improving or demolishing any public structure or building or other public improvements of any kind to any public real property.

Change Order means a written order, approved by the City's Change Order Committee and signed by an authorized agent of the City, which directs the contractor or the City, to make changes that are authorized by the change order clause of the original contract.

Construction means the process of building, altering, repairing, improving or demolishing any public structure or building, or other public improvements of any kind to any public real property. Construction does not include the routine operation, routine repair, or routine maintenance of existing structures, buildings or real property.

Construction Manager means a person who provides management and/or technical services required to implement a capital project pursuant to the project guidelines.

Construction-Manager-At-Risk (CMAR) means a project delivery method in which:

- (A) There is a separate contract for design services and a separate contract for construction services.
- (B) The contract for construction services may be entered into at the same time as the contract for design or at a later time.
- (C) Design and construction of the project may be in sequential phases or concurrent phases.
- (D) Finance services, maintenance services, operations services, preconstruction services and other related services may be included.

Contract means all types of City agreements, regardless of what they may be called, for the procurement of materials, services, or construction or the disposition of personal property.

Contract Modification means any written alteration in the terms and conditions of any contract accomplished by mutual action of the parties to the contract.

Contractor means any person who has a contract with the City.

Cost Data means information concerning the actual or estimated cost of labor, material, overhead, and other cost elements that have been actually incurred or that are expected to be incurred by the contractor in performing the contract.

Data means documented information, regardless of form or characteristic.

Days mean calendar days unless otherwise specified.

Debarment means an action taken by the director, under the provisions of this Procurement Code Manual, to prohibit a person from participating in City procurements for three (3) years.

Department/Division means an organizational work unit as defined by the City of Flagstaff Organization Chart.

Designee means a duly authorized representative of a person holding a superior position.

Design-Build (DB) means a project delivery method in which:

- (A) There is a single contract for design services and construction services.
- (B) Design and construction of the project may be in sequential phases or concurrent phases.
- (C) Finance services, maintenance services, operations services, preconstruction services and other related services may be included.

Design-Bid-Build (DBB) means a project delivery method in which:

- (A) There is a sequential award of two separate contracts.
- (B) The first contract is for design services.
- (C) The second contract is for construction.
- (D) Design and construction of the project are in sequential phases.
- (E) Finance services, maintenance services and operations services are not included.

Director means the Director of the Purchasing Section or designee.

Employee means an individual drawing a salary through the payroll process of the City whether elected or not.

End User means any City employee who will actually be using the material or service being requested.

Field Order means a paperless purchase order number given out by the Purchasing Section for Immediate, necessary, purchases, under one thousand dollars (\$1,000), by City staff who are in need of various materials needed to repair fixtures or equipment.

Interested Party means an actual or prospective Bidder or Proposer whose economic interest may be affected substantially and directly by the issuance of a solicitation, the award of a contract or by the failure to award a contract. Whether an actual or prospective Bidder or Proposer has an economic interest will depend upon the circumstances of each case.

Invitation for Bids (IFB) means all documents, whether attached or incorporated by reference, which are used for soliciting formal bids in accordance with the procedures prescribed in this Procurement Code Manuals.

Invitation To Submit Technical Offers means all documents, whether attached or incorporated by reference, which are used for soliciting unpriced technical offers to assist in the evaluation of market place technology to determine what specific technology would be considered to be the most advantageous to the City to be specified in a subsequent competitive solicitation.

Job-Order-Contracting (JOC) means a project delivery method in which:

- (A) The contract is a requirements contract for indefinite quantities of construction.
- (B) The construction to be performed is specified in job orders issued during the contract.
- (C) Finance services, maintenance services, operations services, preconstruction services, design services related services may be included.

Life Cycle Cost Assessment (LCCA) means the comprehensive accounting of the total cost of ownership, including initial costs, energy, and operational costs, longevity and efficacy of service and disposal costs.

Local Vendor means any individual or company, with a valid business license, issued by the City of Flagstaff and a business location within the City limits of Flagstaff, for a period of six months.

Materials means all personal property, including equipment, supplies, printing and insurance.

May shall be construed as being permissive.

Multi-Step Sealed Bidding means a two-phase process consisting of a technical first phase composed of one (1) or more steps in which Bidders submit un-priced technical offers to be evaluated by the City and a second phase in which those Bidders whose technical offers are determined to be acceptable during the first phase have their priced bid considered.

Person shall include the state, the county, a political subdivision of the state, other governmental entity, a corporation, firm, partnership, limited liability company, association, organization, and any other group acting as a unit, as well as an individual. It includes a trustee, receiver or similar representative.

Price Data means information concerning prices, including profit, for materials, services or construction items substantially similar to those being procured under a contract or subcontract. In this definition, "prices" refers to offered or proposed selling prices, historical selling prices, or current selling prices of the items being purchased.

Private Development means commercial or residential development by the private sector.

Procurement means buying, purchasing, renting, leasing or otherwise acquiring any materials, services and construction. Procurement also includes all functions that pertain to the acquisition of any materials, services or construction including description of requirements, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration.

Procurement Code Manual means this Procurement Code Manual, outlining various procurement functions, as approved and adopted by the Flagstaff City Council.

Professional Services means those services requiring special knowledge, education or skill and where the qualifications of persons rendering the services are of primary importance. shall include, but not be limited to, appraisers, attorneys, architects, engineers, surveyors, accountants, psychologists, physicians, and other health professionals.

Project Manager means a person who provides management and/or technical services required to implement a capital project pursuant to the project guidelines.

Proprietary Specification means a specification that describes a material made and marketed by a person having the exclusive right to manufacture and sell such material and excludes other material with similar quality, performance or functional characteristics from being responsive to the solicitation.

Purchasing Agent means the Director, Purchasing Manager, Senior Procurement Specialist, Buyers, or any member of the Purchasing Staff authorized by the Director to commit the City to a purchase and manage, supervise, and monitor the execution of the terms and conditions of a contract.

Purchase Description means the words used in a solicitation to describe the materials, services or construction for purchase and includes specifications attached to, or made a part of, the solicitation.

Purchase Requisition means a formal request for a material, service or construction and electronically submitted through the City's financial software system and processed into a formal purchase order.

Qualified Products List means an approved list of materials, services or construction items described by model or catalogue numbers, that, prior to competitive solicitation, the City has determined will meet the applicable specification requirements.

Recycled Content Product means a product containing a minimum of thirty-five percent (35%) recycled materials except in those cases where the US EPA has adopted procurement guidelines under the Resource Conservation Recovery Act of 1976.

Recyclable Product means a product or package made from a material for which curbside or drop-off collection systems are in place for a majority of City residents or businesses; to divert from City solid waste for use as a raw material in the manufacture of another product or the reuse of the same product.

Request for Information means all documents, whether attached or incorporated by reference, which are used for soliciting unpriced information regarding a specific product or service for evaluation to determine what specifications or scope of work would be considered to be the most advantageous to the City to be specified in a subsequent competitive solicitation.

Request for Proposals (RFP) means all documents, whether attached or incorporated by reference, which are used for soliciting formal proposals in accordance with procedures prescribed in this Procurement Code Manual.

Request for Statements of Qualifications (RSOQ) means all documents, whether attached or incorporated by reference, which are used for soliciting formal statements of qualifications in accordance with procedures prescribed in this Procurement Code Manual.

Requisitioner means any staff member, working for the City of Flagstaff, who has a request for either a material, service or construction and electronically submits a purchase requisition through the City's financial software system.

Responsible Bidder or Proposer means a person who has the capability, skills and experience to perform the contract requirements and the integrity and reliability which will assure good faith performance.

Responsive Bidder or Proposer means a person who submits a bid which conforms in all material respects to the invitation for bids or request for proposals.

Reusable Product A product that can be used several times for an intended end use before being discarded.

Services means the furnishing of labor, time or effort by an independent contractor which does not involve the delivery of a specific end product other than required reports and performance.

Shall The word "shall" shall be construed as being mandatory.

Solicitation means an invitation for bids, a request for technical offers, a request for proposals, a request for quotations, or any other invitation or request by which the City invites a person to participate in a procurement.

Specification means any description of the physical or functional characteristics, or of the nature of a material, service or construction item. Specification may include a description of any requirement for inspecting, testing, or preparing a material, service or construction item for delivery.

Surplus Property means any supplies, materials and equipment owned by the City, that no longer has any use to the City. This includes obsolete materials, scrap materials, and supplies, materials and equipment that have completed their useful life cycle.

Suspension means an action taken by the director temporarily disqualifying a person from participating in City procurements for six (6) months.

Sustainably Preferable Product means a product that has a reduced negative effect or increased positive effect on human health and the environment when compared with competing products that serve the same purpose. This term includes, but is not limited to, recyclable products, recycled products and reusable products.

Sustainable Product means a product that achieves performance objectives while respecting the City's values and balancing environmental stewardship, fiscal responsibility, social equity, and community enhancement.

Sustainable Purchasing means purchasing materials, products, and labor in a manner that reflects fiscal responsibility, social equity, environmental stewardship and community enhancement.

Task Order means a written form used in a process associated with On-Call contracts in which a task order form is submitted to initiate professional Architectural, Engineering, Surveying, Landscape Architecture and Geotechnical services from those firms who have been awarded an On-Call contract.

Technical Offer means unpriced written information from a prospective contractor stating the manner in which the prospective contractor intends to perform certain work, its qualifications, and its terms and conditions.

Quotation means a verbal or written commitment to supply materials, services or construction at a stated price and terms.

Request for Quotation (RFQ) means all documents, whether attached or incorporated by reference, which are used for soliciting quotations in accordance with procedures prescribed in the informal procurement process.

ARTICLE 5 **UNAUTHORIZED PURCHASE**

- A. Any purchase made that does not follow any of the applicable processes under the provisions of this Article, is considered an unauthorized purchase.
- B. All purchases will be made in accordance with this Procurement Code Manual. The following steps shall be included in the procurement process:
 - 1. Electronic submission of a properly completed purchase requisition;
 - 2. Verification by the requestor that funds are available;
 - 3. The purchase requisition has gone through all other established approval processes;
 - 4. All requisitions for materials, services and construction that are **below fifty thousand dollars (\$50,000)** shall be subject to an informal competitive solicitation process under the provisions of Article 7(A); except as provided in Article 2 "Applicability", Article 18 "Sole Source", Article 19 "Emergency Purchase" and Article 20, "Procurements From Solicitations By Other Governmental Entities";
 - 5. All requisitions for materials, services and construction **at fifty thousand dollars (\$50,000) and higher**, shall be subject to a formal competitive solicitation process under the provisions of Article 7(B) and **any contract award shall be approved by City Council**; except as provided in Article 2 "Applicability", Article 18 "Sole Source", Article 19 "Emergency Purchase"; and Article 20, "Procurements From Solicitations By Other Governmental Agencies"; and
 - 6. All purchases for materials, services and construction shall have a properly executed purchase order and a contract, if a contract is deemed necessary, given the particular purchase, to be processed by the Purchasing Section.
- C. An employee making a purchase not in conformance with this Procurement Code Manual, adopted rules and established procedures may be subject to:
 - 1. Verbal consultation with individual;
 - 2. Written reprimand with individual;
 - 3. Revocation of purchasing rights; or

4. Other corrective action, as deemed appropriate
- D. Any unauthorized purchase shall be reported to the appropriate Division or Department Head.

ARTICLE 6 DETERMINATIONS

Written determinations, if required by this Procurement Code Manual, shall be retained in the appropriate official record file of the Purchasing Section.

- A. Determinations shall fully specify reasons.
- B. The Director may specify the format for Determinations.

ARTICLE 7 INFORMAL AND FORMAL PROCUREMENT LIMITS; QUOTE FILE REQUIREMENTS

- A. ***Informal Procurement Limit.*** Procurement of a material, service or construction, less than fifty thousand dollars (\$50,000.00), shall be made by informal procedures in accordance with the provisions of Section 7.1 of this Procurement Code Manual and any applicable federal and state laws, rules and regulations except as provided in Article 2, "Applicability"; Article 18, "Sole Source"; Article 19, "Emergency Purchases"; Article 20, "Procurements From Solicitations By Other Governmental Entities". Procurements less than ***fifty thousand dollars (\$50,000.00)*** may be made utilizing a formal procurement process if deemed by the Director to be in the best interest of the City. Procurements less than fifty thousand dollars (\$50,000.00) are not required to be approved and awarded by City Council.
- B. ***Formal Procurement Limit.*** Procurement of a material, service or construction, of fifty thousand dollars (\$50,000.00) and higher shall be made by formal procedures in accordance with the City Charter and provisions of Article 9 of this Procurement Code Manual and any applicable federal and state laws, rules and regulations, except as provided in Article 2, "Applicability"; Article 18, "Sole Source"; Article 19, "Emergency Purchases". Procurements of fifty thousand dollars (\$50,000.00) and higher, are required to be approved and awarded by City Council.

Section 7.1 Informal Procurement Process

- A. Informal Procurement Process.

Any procurement, established in Article 7(A) shall be made in accordance with established Procurement Code Manual procedures. Determination as to the use of informal or formal process shall be based on the cost of the item(s), including all taxes, fees, freight, installation and any other miscellaneous costs. The procurement shall be made with such competition as is outlined in B, C and D under this Section. Procurement requirements shall not be artificially divided or fragmented to circumvent the purchasing process under this section or the procedures required by Article 9, "Formal Procurement Process." This section shall not be construed to permit informal purchasing if there is a City Charter or ordinance provision or a Federal or State law, regulation or rule to the contrary.

B. PURCHASES AT FIVE THOUSAND DOLLARS (\$5,000) OR LESS

For purchases at or less than **five thousand dollars (\$5,000)**, the Purchasing Agent or requesting Division or Section may direct select the vendor of choice for the purchase of any materials, services or construction requested. Reasonable good faith efforts shall be made to purchase from a Local Vendor by utilizing our local Vendor list as a first resource.

C. PURCHASES AT FIVE THOUSAND AND ONE DOLLARS (\$5,001) UP TO FIFTEEN THOUSAND DOLLARS (\$15,000).

For purchases at **five thousand and one dollars (\$5,001)** and up to **fifteen thousand dollars (\$15,000)**, the Purchasing Agent or requesting Department shall solicit, verbal quotations for the purchase of materials, services or construction from, at minimum three (3) Bidders or Proposers, as determined to be the most advantageous under the immediate circumstances, except as provided in Article 2, "Applicability"; Article 18, "Sole Source"; Article 19, "Emergency Purchases"; Article 20, "Procurements From Solicitations By Other Governmental Entities". Reasonable good faith efforts shall be made to solicit quotes from Local Vendors by utilizing our local Vendor list as a first resource. Verbal quotations obtained shall be documented in the procurement file.

D. PURCHASES AT FIFTEEN THOUSAND AND ONE DOLLARS (\$15,001) UP TO FORTY NINE THOUSAND NINE HUNDRED AND NINETY NINE DOLLARS (\$49,999).

For purchases at **fifteen thousand and one dollars (\$15,001)** and up to **forty nine thousand nine hundred and ninety nine dollars (\$49,999)**, shall be made in accordance with the following procedures:

1. A Purchasing Agent or requesting Department shall solicit at least three (3) Bidders or Proposers to submit written or faxed quotations or proposals on vendor's letterhead or by e-mail. Whenever practicable, the City's standard Request for Quotations (RFQ) or Request for Proposals (RFP) document shall be utilized in an effort to obtain written quotes. The City Attorney's Office shall review the RFQ and RFP prior to issuance, if a contract is required for the procurement. Written quotations obtained shall be documented in the procurement file.
2. The Purchasing Agent may solicit quotations or Proposals from all vendors on the Bidder's list, but at minimum, shall solicit quotations or Proposals from Local Vendors by utilizing our local vendor list as a first resource and those Bidders or Proposers who have specifically requested an opportunity to submit a quotation or Proposal for the specific material, service or construction being requested at that time.
3. Award shall be made to the lowest responsive and responsible Bidder or highest scoring responsive and responsible Proposer submitting a responsive quotation or proposal. The amount of an applicable City Transaction Privilege or Use Tax shall not be a factor in determining the lowest Bidder if a competing Bidder, who is located outside the City, is not subject to an equal tax rate.
4. Whenever required by the Purchasing Agent, Bidders or Proposers shall submit quotes or proposals on the form issued with the Request for Quotation or Proposal, and the quotes shall be recorded and placed in the procurement file.

5. If only one responsive and responsible quotation or proposal is received, a statement shall be included in the procurement file explaining the basis for determining that the price and/or proposal is fair and reasonable. Time permitting, the Purchasing Agent may initiate a second solicitation to include the vendor who provided the only response initially.
6. Whenever practicable, Article 27, "Specification Guidelines" shall be used in the development of specifications for a Request for Quotation or Proposal.
7. Written quotations or proposals transmitted via facsimile machine or e-mail shall be permitted provided the quotation or proposal bears the signature of an authorized agent of the Bidder or Proposer submitting the quotation or proposal.
 - a. Quotations or proposals qualified in any manner are subject to rejection in whole or in part.
 - b. Alternate quotations or proposals shall be considered unless specifically stated otherwise in the Request for Quotation.
 - c. In the event of a discrepancy between the unit price and the extension price, the unit price shall govern.
 - d. In the event of tied quotes, the tie shall be broken according to the following, determined by the Director :
 1. Best and final Offer when determined by the Director to be applicable; or
 2. Drawing lots.
 - e. The City reserves the right to reject all quotations and seek new quotations with a new Request for Quotation.

These procedures do not supersede Article 2, "Applicability"; Article 18, "Sole Source"; Article 19, "Emergency Purchases"; Article 20, "Procurements From Solicitations By Other Governmental Entities".

Section 7.2 Vendor List

- A. Any vendor who would like to be on the City's vendor list must register with the City's Purchasing Section by completing a vendor application. The vendor application can be found on the City's website by clicking on City Hall/Department/Purchasing/Vendor Registration/Vendor Application.
- B. Once a vendor's application has been received and approved, the vendor will be assigned a vendor number and placed on the vendor list that will reference the products and/or services they provide.

- C. Vendors are encouraged to sign up for electronic bid notifications by clicking on a link “New Bid Notifications”, which is where vendors subscribe to be set up to receive automatic bid notifications.

Section 7.3 *Vendor Awards*

- A. Contract award information is posted to the City’s website and can be viewed by clicking on City Hall/Department/Purchasing/Bid Tabulation.

Section 7.4 *Quote File Requirements*

- A. Verbal and written quote files shall be set up, within the Purchasing Section, to retain for record keeping purposes.
- B. Verbal quote files shall be set up by the Purchasing Section for each purchase over **five thousand dollars (\$5,000)** and up to **fifteen thousand dollars (\$15,000)**.
- C. Written quote files shall be set up by the Purchasing Section for each purchase over **fifteen thousand dollars (\$15,000)** and up to **forty nine thousand nine hundred and ninety nine dollars (\$49,999)**.

ARTICLE 8 *AVAILABLE FUNDS*

Unencumbered funds to cover the entire purchase must be available in the appropriate account of the Operating Budget or other appropriate fund against which the purchase is to be charged prior to the commitment to purchase except multi-year contracts, in which case only funds for the first year of the contract need be appropriated.

Section 8.1 *Available Funds Identification*

- A. Solicitations pursuant to the formal bidding process may not be issued when using un-designated funds, contingency funds, or funds transferred between departments unless approved in writing by the Director of Management Services or appointed designee.
- B. Solicitations pursuant to Article 9, “Formal Procurement Process”, shall not be issued prior to the appropriate approval for use of certain funds requiring budget transfers to or from capital and salary accounts.
- C. Solicitations pursuant to Article 9, “Formal Procurement Process”, shall not be issued prior to the acceptance by the City Council of any grant funds, unless approved in writing by the Director of Management Services or appointed designee.
- D. Requestors are responsible for verifying available funds prior to submitting a purchase requisition and shall enter an electronic purchase requisition prior to requesting the issuance of a formal solicitation.

Section 8.2 *Petty Cash (Reserved)*

Section 8.3 *Procurement Cards (Reserved)*

ARTICLE 9 **FORMAL PROCUREMENT PROCESS**

Except as otherwise provided in this Procurement Code Manual, a procurement which exceeds the formal procurement limit specified in Article 7(B), "Formal Procurement Limit", shall be made in accordance with either Article 10, "Formal Procurement Process—Invitation for Bids", Article 11, "Formal Procurement Process—Request for Proposals" or Article 12, "Formal Procurement Process—Professional Design Services, Capital Improvements/Construction and Construction Services".

ARTICLE 10 **FORMAL PROCUREMENT PROCESS--INVITATION FOR BIDS**

The formal procurement process using an Invitation for Bids is typically used for the purchase of materials and capital improvements/construction projects, where the specifications and/or scope are definitively defined and the price is the determining factor in the award of a contract. The Invitation for Bids document shall include specifications and/or scope of work, and all terms and conditions applicable to the procurement. The contract's inception is with the Invitation for Bids document that outlines all of the terms and conditions as the contractual language and incorporates the successful Bidder's bid submittal, which is adopted by reference. The Invitation for Bids document contains an Offer and Contract Award form that is signed by both the successful Bidder and the Purchasing Agent, which consummates the contract award.

Section 10.1 Invitation for Bids Determination

The Purchasing Agent shall determine if the Invitation for Bids process is applicable for the selection of the material, service or construction with an estimated expenditure exceeding the formal bid limit.

Section 10.2 Request for Issuance of an Invitation for Bids

- A. The Requisitioner or "End-user" shall electronically submit a requisition referencing the cost estimate or approved budget for the requested material, service or construction.
- B. The Purchasing Agent shall obtain a bid number from the Solicitation Log Book in the Purchasing Section, provide the description of the purchase or project, the Purchasing Agent assigned and determine the appropriate solicitation document and agreement to be used.
- C. The Requisitioner or "End-user" shall provide the specifications and/or scope of work to the Purchasing Section to be incorporated into the bid solicitation. Once the bid solicitation is complete, the Purchasing Agent shall forward to the City Attorney's office for review before issuance of the solicitation.

Section 10.3 Invitation for Bids

An Invitation for Bids shall be issued when the evaluation and selection of a vendor for award is based on the lowest, responsive and responsible Bidder. The bid document shall include a purchase description and all contractual terms and conditions applicable to the procurement.

- A. An Invitation for Bids shall be issued at least **twenty one (21) days** before the closing date and time for receipt of bids, unless a shorter time is determined necessary in writing

by the Purchasing Agent pursuant to a written request from the requesting Department. However, in accordance with the Flagstaff City Charter, public notice of the Invitation for Bids shall be published at least once in the official newspaper, not less than five (5) days prior to the opening of the bids.

- B. Sealed Bids shall be opened publicly at the time and place designated in the Invitation for Bids. The amount of each bid, and such other relevant information as may be specified by rule, together with the name of each Bidder shall be recorded. The bids shall not be open for public inspection until after a contract is awarded, except to the extent the Bidder designates, and the Director concurs, that trade secrets or other proprietary data contained in the bid documents shall remain confidential in accordance with established rules.
- C. Bids shall be unconditionally accepted without alteration or correction, except as authorized in item (D) of this section. Bids shall be evaluated based on the requirements set forth in the Invitation for Bids as prescribed in the procurement rules. No criteria may be used in bid evaluation that are not set forth in the Invitation for Bids.
- D. Correction or withdrawal of erroneous bids before or after bid opening, based on bid mistakes, may be permitted in accordance with established rules. After bid opening, no corrections in bid prices or other provisions of bids prejudicial to the best interest of the City or fair competition shall be permitted. All decisions to permit the correction or withdrawal of bids, or to cancel awards or contracts based on bid mistakes, shall be supported by a written determination made by the Director.
- E. The contract shall be awarded to the lowest responsive and responsible Bidder whose bid conforms in all material respects to the requirements and criteria set forth in the Invitation for Bids. The amount of any applicable City of Flagstaff Transaction Privilege or Use Tax is not a factor in determining the lowest Bidder. The contract file shall contain the basis on which the award is made.
- F. The multi-step sealed bidding method may be used if the Director determines, in writing, that it is not practicable to initially prepare a definitive purchase description which is suitable to permit an award based on competitive sealed bidding. An Invitation for Bids may be issued requesting the submission of technical offers to be followed by an Invitation for Bids soliciting priced offers limited to those Bidders whose offers are determined to be technically acceptable under the criteria set forth in the first solicitation.

Section 10.4 *Invitation for Bids, Format, Content, Public Inspection*

- A. In all competitive sealed bidding procurements, the Purchasing Section shall issue the standard Invitation for Bids document established and approved by the Purchasing Section and the City Attorney's office.
- B. The Invitation for Bids shall include the following:
 - 1. Instructions and information to Bidders concerning the bid submission requirements, including the time and date set for bid opening, the address of the office where bids are to be received, the period that the bid shall remain open, and any other special information;

2. The purchase description, specifications, evaluation criteria, delivery or performance schedule, and inspection and acceptance requirements;
 3. The standard contract terms and conditions, including warranty and bonding or other security requirements, as applicable;
 4. If the Invitation for Bids incorporates documents by reference, the Invitation for Bids shall specify where such documents may be obtained;
 5. An Invitation for Bids may require the submission of bid samples, descriptive literature, technical data and may require inspection or testing of a product before award;
 6. Invitation for Bids shall require, from all Bidders, the submission of a non-collusion affidavit on a form included in the Invitation for Bids document. Failure of any Bidder to provide the non-collusion affidavit, as a part of his sealed bid, shall be grounds for disqualification of the bid; and
 7. Invitation for Bids shall be advertised, at least one (1) time, in the Arizona Daily Sun and posted to the City's website.
- C. Solicitations posted on the City's web site are available for downloading, as well as other means of obtaining a solicitation as follows:
1. Interested Bidders may subscribe to receive an e-mail based notification of all current solicitation opportunities;
 2. Interested Bidders may pick up solicitations from the Purchasing Section during normal business hours; or
 3. Interested Bidders can email the Purchasing Section and request an electronic copy of the solicitation via email.

Section 10.5 *Pre-Bid Conference*

A pre-bid conference may be conducted within a reasonable time before bid opening to discuss the procurement requirements and solicit comments from prospective Bidders. Pre-bid conferences may be held multiple times at the discretion of the Purchasing Agent and the end-user.

- A. Pre-bid conferences are typically non-mandatory, but prospective Bidders are highly encouraged to attend. Prospective Bidders who cannot physically attend, can conference in by phone. Prospective Bidders who choose this option will need to contact the Purchasing Agent, whose name is on the cover page of the bid document to get the phone number and conference ID number.
- B. Pre-bid conferences may be mandatory if the Purchasing Agent and end-user determine that the bid specifications are too complex and would warrant mandatory attendance at the pre-bid conference to discuss and ensure that prospective Bidders fully understand the specifications outlined in the bid document. Prospective Bidders who cannot physically attend, can conference in by phone. Prospective Bidders who choose this option will need

to contact the Purchasing Agent, whose name is on the cover page of the bid document to get the phone number and conference ID number.

- C. Prospective Bidders who submit a bid in response to an Invitation for Bids, but did not attend a mandatory pre-bid conference (either physically or by phone) will be deemed nonresponsive and their bid shall not be considered for evaluation and award.

Section 10.6 *Addendum to Invitation for Bids*

- A. An Addendum to an Invitation for Bids shall be issued if necessary to:
 - 1. Make changes in the Invitation for Bids;
 - 2. Correct defects or ambiguities;
 - 3. Furnish to other Bidders information given to one Bidder if the information will assist the other Bidders in submitting bids, or if the lack of the information will prejudice the other Bidders; or
 - 4. Inform Bidders of alternate materials accepted for bid.
- B. An addendum to an Invitation for Bids shall be so identified and shall be posted to the City's web site and sent by the Purchasing Section to all persons who provided an "Acknowledgement of Receipt" form when practicable, depending on the number of prospective Bidders who submitted this form.
- C. All addendums shall be issued at least seven (7) days prior to bid opening to allow prospective Bidders to consider them in preparing their bids, unless a shorter time is determined necessary, in writing, by the Purchasing Agent pursuant to a written request from the requesting Department. If the time and date set for bid opening do not permit sufficient time for bid preparation, the time and date for bid opening shall be extended in the addendum or, if necessary, by fax, e-mail, or telephone and then confirmed in the addendum.

Section 10.7 *Pre-Opening Modifications or Withdrawal of Bids*

- A. Bidders may modify or withdraw their bid at any time before bid opening if the modification or withdrawal request is received in writing before the time and date set for bid opening in a location designated in the Invitation for Bids for receipt of bids.
- B. All documents concerning a modification or withdrawal of a bid shall be retained in the appropriate procurement file.

Section 10.8 *Late Bids, Late Withdrawals, and Late Modifications*

- A. A bid, modification or withdrawal is late and shall not be accepted if it is received at the location designated in the Invitation for Bids for receipt of bids after the time and date referenced in the solicitation document.

- B. A late bid, late modification, or late withdrawal shall be rejected unless the bid, modification, or withdrawal is received before contract award at the location designated in the Invitation for Bids for receipt of bids and would have been timely received but for the action or inaction of the City.
- C. Bidders submitting bids, modifications or withdrawals that are rejected as late shall be so notified as soon as practicable.
- D. All documents concerning a late bid, late modification, or late withdrawal shall be retained in the appropriate procurement file.
- E. All late bids shall be returned, unopened, to the vendor.

Section 10.9 *Receipt, Opening, Recording of Bids, and Confidential Information*

- A. Each bid and modification shall be date and time-stamped upon receipt and stored unopened in a secure place, within the Purchasing Section, until the time and date set for bid opening.
- B. Bids and modifications shall be opened publicly and in the presence of one or more witnesses at the time, date, and location designated in the Invitation for Bids for bid opening. The name of each Bidder, the bid price, and other information deemed appropriate shall be read aloud and recorded on a bid tabulation form. The name of the required witness shall also be recorded. All other information in a Bidder's bid package (e.g., trade secrets or other proprietary information, shall not be made available for public inspection until after a contract has been awarded, except to the extent the Bidder designates, and the Director concurs, that trade secrets or other proprietary data contained in their bid submittal shall remain confidential in accordance with established rules.
- C. All bids shall be irrevocable for, a minimum of, ninety (90) days or as deemed appropriate by the Director.
- D. After contract award, or at the Director's discretion, the bids shall be available for public inspection except to the extent that the withholding of information is permitted or required by law. If the Bidder designates a portion of the bid as confidential, disclosure of such portion shall be made in accordance with the following:
 - 1. If a Bidder believes that a bid contains information that should be withheld, a statement advising the Director of this fact shall accompany the submission, and the information shall be so identified wherever it appears. The information identified by the person as confidential shall not be disclosed until the Director makes a written determination;
 - 2. The Director shall review the statement and information and shall determine in writing whether the information shall be withheld; and
 - 3. If the Director makes the determination to disclose the information, the Director shall inform the Bidder in writing of such determination.

Section 10.10 *Mistakes in Bids*

- A. A Bidder may correct mistakes discovered before the time and date set for bid opening by withdrawing or correcting the bid as provided in Section 10.7, "Pre-Opening Modification or Withdrawal of Bids".
- B. After bid opening, a bid mistake, not resulting from an error in judgment may not be corrected or withdrawn. Other bid mistakes may be corrected or withdrawn pursuant to the following:
 - 1. After bid opening, the Director may either waive minor informalities in a bid or allow the Bidder to correct them if a written determination is made that such action would not result in a pecuniary competitive bidding advantage to that Bidder. Nothing in this section shall be construed as requiring the Director to waive any informalities or to allow their correction.
 - 2. After bid opening, the bid may not be withdrawn and shall be corrected to the intended bid if a bid mistake and the intended bid are evident on the face of the bid.
 - 3. After bid opening, the Director may permit a Bidder to withdraw a bid if:
 - a. A mistake, not resulting from an error in judgment, is evident on the face of the bid but the intended bid; or
 - b. The Bidder establishes to the Director's satisfaction that a mistake was made not resulting in an error in judgment.
 - 4. In the event of a discrepancy between the unit price and a multiplied subtotal the unit price shall govern.
 - 5. Mistakes shall not be corrected after award of the contract except where the Director makes a written determination that it would be unconscionable not to allow the mistake to be corrected.
- C. If correction or withdrawal of a bid after the bid opening is permitted or denied, the Director shall prepare a written determination showing that the relief was permitted or denied under these established rules and regulations.

Section 10.11 *Bid Evaluation and Award*

- A. The contract shall be awarded to the lowest responsible and responsive Bidder whose bid meets the requirements and evaluation criteria set forth in the Invitation for Bids.
- B. A product acceptability evaluation shall be conducted solely to determine whether a Bidder's product is acceptable as set forth in the Invitation for Bids and not whether one Bidder's product is superior to another Bidder's product. Any Bidder's offering that does not meet the acceptability requirements shall be rejected as non-responsive.
- C. Bids shall be evaluated to determine which Bidder offers the lowest cost to the City in accordance with the evaluation criteria set forth in the Invitation for Bids. Only objectively

measurable criteria that are set forth in the Invitation for Bids shall be applied in determining the lowest Bidder. Examples of such criteria include, but are not limited to, transportation cost, energy cost, ownership cost and other identifiable costs or life cycle cost formula. Evaluation factors need not be precise predictors of actual future costs, but to the extent possible the evaluation factors shall be reasonable estimates based upon information the Director has available concerning future use.

- D. A contract may not be awarded to a Bidder submitting a higher quality item than that designated in the Invitation for Bids unless the Bidder is also the lowest Bidder as determined under Subpart C of this Section. This Section does not permit negotiations with any Bidder, unless the lowest, responsive and responsible Bidder's bid exceeds the available monies budgeted for the material, service or construction, which would allow negotiations with the lowest, responsive and responsible Bidder.
- E. In the event two or more low responsive bids from responsible Bidders are identical in price and meet all the requirements and criteria set forth in the Invitation for Bids, the tie shall be broken according to the following determined by the Director:
 - 1. Best and Final offer when determined by the Director to be applicable; or
 - 2. Draw lots
- F. A record showing the basis for determining the successful Bidder shall be retained in the procurement file.
- G. The Purchasing Agent involved with the purchase shall provide a written notice of award to the successful Bidder within **twenty-four (24) hours** of Council award. For procurements equal to or in excess of the formal procurement limit, each unsuccessful Bidder shall be notified in writing of the award within **fourteen (14) days**. Notice of award shall be made available to the public.

Section 10.12 Only One Bid Received

If only one responsive and responsible bid is received in response to an Invitation for Bids, an award may be made to the single Bidder if the Director determines that the price submitted is fair and reasonable, and that other prospective Bidders had reasonable opportunity to respond and there is not adequate time for re-solicitation. Otherwise, the bid will be rejected pursuant to the provisions of Article 15, "Cancellation or Rejection of Solicitations", and:

- A. New bids may be solicited; or
- B. If the Purchasing Agent determines, in writing, that the need for the material, service or construction continues and the acceptance of the one bid is not advantageous to the City, the procurement may then be conducted under Article 18, "Sole Source" or Article 19, "Emergency Purchase", as appropriate.

Section 10.13 Multi-Step Sealed Bidding

- A. The multi-step sealed bidding method may be used if the Director determines that:

1. Available specifications or purchase descriptions are not sufficiently complete to permit full competition without technical evaluations and discussions to ensure mutual understanding between each Bidder and the City;
 2. Definite criteria exist for evaluation of technical offers;
 3. More than one technically qualified source is expected to be available; and
 4. A fixed price contract will be used.
- B. The Purchasing Agent may hold a pre-bid conference with Bidders before submission or at any time during the evaluation of the unpriced technical offers.

Section 10.14 Phase One Of Multi-Step Sealed Bidding

- A. Multi-step sealed bidding shall be initiated by the issuance of an Invitation to Submit Technical Offers. The Invitation to Submit Technical Offers shall be issued according to Section 10.3, "Invitation for Bids", and shall contain the following information:
1. Notice that the procurement shall be conducted in two phases;
 2. The best description of the material or services desired;
 3. A statement that unpriced technical offers only shall be considered in phase one;
 4. The requirements for the technical offers, such as drawings and descriptive literature;
 5. The criteria for evaluating technical offers;
 6. The closing date and time for receipt of technical offers and the location where offers should be delivered or mailed;
 7. A statement that discussions may be held; and
 8. A statement that only bids based on technical offers, determined to be acceptable in phase one, shall be considered for award.
- B. The Invitation to Submit Technical Offers may be amended after the submission of the unpriced technical offers. The amendment shall be distributed only to Bidders who submitted unpriced technical offers, and those Bidders shall be permitted to submit new unpriced technical offers or to amend the offers already submitted. If an amendment materially changes the procurement, the Invitation to Submit Technical Offers shall be canceled in accordance with Article 15, "Cancellation or Rejection of Solicitations".
- C. Unpriced technical offers shall not be opened publicly, but shall be opened in the presence of the Procurement Agent and at least one witness. The contents of unpriced technical offers shall not be disclosed to unauthorized persons.
- D. Unpriced technical offers shall be evaluated solely in accordance with the criteria set forth in the Invitation to Submit Technical Offers and shall be determined to be either acceptable

for further consideration or unacceptable. A determination that an unpriced technical proposal is unacceptable shall be in writing, state the basis of the determination and be retained in the contract file. If the Director determines a Bidder's unpriced technical offer is unacceptable, the Purchasing Agent shall notify that Bidder of the determination and that the Bidder shall not be afforded an opportunity to amend its technical offer.

- E. The Purchasing Agent may conduct discussions with any Bidder who submits an acceptable or potentially acceptable technical offer. During discussions, the Purchasing Agent shall not disclose any information derived from unpriced technical offers to any other Bidder. After discussions, the Purchasing Agent shall establish a closing date for receipt of final technical offers and shall notify, in writing, Bidders submitting acceptable or potentially acceptable offers of the closing date. The Purchasing Agent shall keep a record of all discussions.
- F. At any time during Phase One, offers may be withdrawn in accordance with Section 10.7, "Pre-Opening Modifications or Withdrawal of Bids".

Section 10.15 Phase Two of Multi-Step Sealed Bidding

- A. Upon completion of Phase One, the Purchasing Agent shall issue an Invitation for Bids and conduct Phase Two under Section 10.3, "Invitation for Bids", as a competitive sealed bidding procurement, except that the Invitation for Bids shall be issued only to Bidders whose technical offers were determined to be acceptable in Phase One.
- B. Unpriced technical offers of unsuccessful Bidders shall not be open to public inspection until after a contract has been awarded, except to the extent set forth in Section 10.9, "Receipt, Opening, Recording of Bids and Confidential Information".

ARTICLE 11 FORMAL PROCUREMENT PROCESS – REQUEST FOR PROPOSALS

If the Director determines in writing that the use of competitive sealed bidding is either not practicable or not advantageous to the City, a contract may be entered into by competitive sealed proposals. The Purchasing Section shall issue the standard Request for Proposals document established and approved by the Purchasing Section and the City Attorney's office. A Request for Proposals shall be issued when the evaluation and selection of a vendor for award includes other established evaluation criteria in addition to price and/or the scope of work/specifications are not definitively defined. The Request for Proposal document shall include a scope of work, and all contractual terms and conditions applicable to the procurement.

Section 11.1 Request for Proposals Determination

The Purchasing Agent shall determine if the Request for Proposals process is applicable for the selection of the material or service. Request for Proposals shall not be used for design-bid-build construction projects. However, a Request for Proposals may be used for any of the Alternative Project Delivery Methods (e.g., JOC, CMAR or Design-Build) as phase 2 of a Request for Statements of Qualifications process.

Section 11.2 Request for Issuance of a Request for Proposals

- A. The Requisitioner or "End-user" shall electronically submit a requisition referencing the cost estimate or approved budget for the requested material or service.

- B. The Purchasing Agent shall obtain a proposal number from the Solicitation Log Book, located in the Purchasing Section and provide the description and the Purchasing Agent assigned.
- C. The Requisitioner or “End-user” shall provide the specifications and/or scope of work to the Purchasing Section. Once the solicitation is complete, the Purchasing Agent shall forward to the City Attorney’s office for review before issuance of the solicitation.

Section 11.3 *Request for Proposals*

- A. Request for Proposals may be considered to be more practicable or advantageous if it is necessary to:
 - 1. Use a contract other than a fixed-price type;
 - 2. Conduct oral or written discussions with Proposers concerning technical and price aspects of their proposals;
 - 3. Afford Proposers an opportunity to revise their proposals;
 - 4. Compare the different price, quality, and contractual factors of the proposals submitted;
 - 5. Award a contract in which price is not the determining factor; and/or
 - 6. Specifications and/or scope of work are not clear or well-defined.
 - 7. Proposals shall be opened publicly at the time and place designated in the Request for Proposals. Only the name of each Proposer shall be publicly read and recorded. All other information contained in the proposals shall be confidential so as to avoid disclosure of contents prejudicial to competing Proposers during the process of evaluation. The proposals shall be open for public inspection after contract award. Except to the extent the Proposer designates and the Director concurs, trade secrets or other proprietary data contained in the proposal documents shall remain confidential in accordance with established rules.
 - 8. Specific numerical weighting is not required. However, the Request for Proposal document shall state the relative importance of price and other evaluation factors.
 - 9. As provided in the Request for Proposals, and under established rules, discussions may be conducted with responsible Proposers who submit proposals determined to be reasonably susceptible to being selected for award for the purpose of clarification to assure full understanding of, and responsiveness to, the solicitation requirements. Proposers shall be accorded fair treatment with respect to any opportunity for discussion and revision of proposals, and such revisions may be permitted after submissions and before award for the purpose of clarification. In conducting discussions, there shall be no disclosure of any information derived from proposals submitted by competing Proposers.

10. The award shall be made to the responsible Proposer whose proposal is determined in writing to be the most advantageous to the City taking into consideration the evaluation factors set forth in the Request for Proposals. No other factors or criteria may be used in the evaluation. The amount of any applicable City Transaction Privilege or Use Tax is not a factor in determining the most advantageous proposal. The contract file shall contain the basis on which the award is made.
- B. Request for Proposals shall set forth those factors listed in Section 10.4, "Invitation for Bids, Format, Content, Public Inspection" that are applicable and shall also state:
1. The type of materials or services required and a description of the work involved;
 2. The type of contract to be used;
 3. An estimated duration that the service will be required;
 4. That cost or pricing data is required;
 5. That discussions may be conducted with Proposers who submit proposals determined to be reasonably susceptible of being selected for award;
 6. The minimum information that the proposal shall contain;
 7. The closing date and time for receipt of proposals; and
 8. The evaluation criteria that will be used to evaluate proposal responses. Numerical weighting is not required. However, the Request for Proposal document shall reference each evaluation criterion's relative importance.
- C. A Request for Proposals shall be issued at least **twenty one (21) days** before the closing date and time for receipt of proposals, unless a shorter time is determined necessary in writing by the Director pursuant to a written request from the requesting Department receiving the materials or services. In accordance with the Flagstaff City Charter, public notice of the Request for Proposals shall be published at least once in the official newspaper, not less than five (5) days prior to the opening of the proposals.
- D. In all competitive sealed Request for Proposals, the Purchasing Section shall issue a Request for Proposals using a solicitation document approved by the Purchasing Section and the City Attorney's office.

Section 11.4 *Solicitation Opportunities*

1. Solicitations shall be advertised in the Arizona Daily Sun and posted on the City's website. Prospective Proposers can download the solicitation and all other related documents at: flagstaff.az.gov/departments/purchasing/bidpostings- overview. After the heading "Bids available for download," click on "bid postings". All solicitations may be picked up from the Purchasing Section during normal business hours.

2. Interested Bidders can download and complete a Vendor Application form from the City's website. The Vendor Application form allows a Vendor to subscribe to receive an e-mail based notification of all current solicitation opportunities.

Section 11.5 *Pre-Proposal Conferences*

Pre-proposal conferences may be convened in accordance with the same procedures outlined in Section 10.5, "Pre-Bid Conferences".

Section 11.6 *Late Proposals, Modifications or Withdrawals*

- A. A proposal received after the closing date and time for receipt of proposals is late and shall not be considered except under the circumstances set forth in Section 10.8, "Late Bids, Late Withdrawals and Late Modifications". A best and final offer received after the closing date and time for receipt of best and final offers is late and shall not be considered except under the circumstances in accordance with the same procedures outlined in Section 10.8 (B), "Late Bids, Late Withdrawals and Late Modifications".
- B. A modification of a proposal received after the closing date and time for receipt of proposals is late and shall not be considered except under the circumstances in accordance with the same procedures outlined in Section 10.8(B), "Late Bids, Late Withdrawals and Late Modifications".
- C. A modification of a proposal resulting from an addendum issued after the closing date and time for receipt of proposals or a modification of a proposal resulting from discussions during negotiations shall be considered if received by the closing date and time set forth in the addendum or by the closing date and time for submission of best and final offers, whichever is applicable. If the modifications described in this subsection are received after the respective date and time described in this subsection, the modifications are late and shall not be considered except under the circumstances in accordance with the same procedures outlined in Section 10.8 (B), "Late Bids, Late Withdrawals and Late Modifications".
- D. A proposal may be withdrawn at any time before the closing date and time for receipt of best and final offers. Withdrawal of a proposal after submission of best and final offers is permissible only in accordance with Section 11.11 (B), "Mistakes in Proposal Response".

Section 11.7 *Receipt of Proposals*

- A. Each proposal received shall be date and time-stamped and retained in a secure place, within the Purchasing Section, until the closing date and time for receipt of proposals. A record of proposals shall be prepared and shall contain the name of each Proposer, the subject of the Request for Proposals and the assigned Request For Proposals number for which the proposal was submitted.
- B. Proposals shall be opened in the presence of one (1) or more witnesses. During the evaluation process, proposals and modifications shall be shown only to those individuals involved in the evaluation and scoring process.

- C. If only one proposal is received in response to a Request for Proposals, the Purchasing Agent may either make an award in accordance with Section 11.12, "Contract Award for Request for Proposals", or if time permits, re-solicit.

Section 11.8 *Evaluation of Proposals*

- A. Evaluation of proposals shall be based on the evaluation criteria set forth in the Request for Proposals.

Section 11.9 *Discussions with Responsible Proposers and Revisions to Proposal*

- A. Discussions may be conducted with responsible Proposers who submit proposals determined to be reasonably susceptible of being selected for award; for the purpose of clarification to assure full understanding of, and responsiveness to, the solicitation requirements. Proposers shall be accorded fair and equal treatment with respect to any opportunity for discussions and revision of proposals, and such revisions may be permitted after submissions and prior to award, for the purpose of obtaining best and final offers. In conducting discussions, there shall be no disclosure of any information derived from proposals submitted by competing Proposers. The purpose of such discussions may be to:
 - 1. Determine in greater detail such Proposer's qualifications;
 - 2. Explore with the Proposer the scope and nature of the project, the Proposer's proposed presented approach, the relative utility of alternate methods of approach and method of performance;
 - 3. Determine that the Proposer will make available the necessary personnel and facilities to perform within the required time; and
 - 4. Agree upon compensation which is fair and reasonable, taking into account the estimated value of the required services/equipment, the scope and complexity of proposed project and nature of such services/equipment.
- B. After an evaluation committee has reviewed all of the initial proposals, discussions may be held between the responding Proposers and the evaluation committee. Such discussions are conducted to more fully understand the initial proposals submitted by the Proposers.
- C. Following the initial proposal review and discussions phase, the evaluation committee may either recommend an award to a specific firm or firms, if their proposal is clearly the best offer, or further define the RFP's needs within the scope of the original RFP and call for best and final offers.
- D. Proposal information may not be disclosed to any other Proposer. Each Proposer's information and pricing shall be kept under strict security until after an award recommendation has been made.
- E. All responsive and responsible Proposers are to be given a fair and equal opportunity to respond to any narrowed scope/specification needs stated within the written best and final offer document that may be issued by the Director. If the evaluation process clearly proved

(with supportive evidence) that certain Proposers were incapable of meeting the scope and needs of the RFP in a satisfactory manner, then those Proposers may be removed from further consideration during the best and final offer phase of the RFP evaluation process. The criteria for being removed from best and final consideration must be well documented and placed in the bid/contract file.

- F. Best and final offers shall be requested in formal writing by the Purchasing Section and a reasonable time period given to Proposers for making a quality response. Any requested, best and final offer shall be within the scope of the original RFP and used to further identify and clarify specific service/product needs and appropriate pricing requirements based on those further clarified needs. .

Section 11.10 Best and Final Offers; Tied Proposals

- A. If discussions are conducted pursuant to Section 11.9, "Discussions With Responsible Proposers and Revisions to Proposal", the Purchasing Agent shall issue a formal written request for best and final offers. The request shall set forth the date, time and place for the submission of best and final offers. Best and final offers shall be requested only once, unless the Purchasing Agent makes a written determination that it is advantageous to the City to conduct further discussions or change the City's requirements. The request for best and final offers shall inform Proposers that, if they do not submit a best and final offer, their immediate previous offer will be construed as their best and final offer.
- B. In the event of tied proposals, the tie shall be broken according to the following determined by the Director:
 - 1. Best and final offer when determined by the Director to be applicable; or
 - 2. Draw lots.

Section 11.11 Mistakes in Proposal Response

- A. Prior to the time and date set for receipt of best and final offers, any Proposer may withdraw their best and final offer or correct any mistake by modifying their best and final offer.
- B. Proposers submitting a best and final offer, may withdraw a proposal or correct a mistake after the specified due date, in accordance with Section 10.10, "Mistakes in Bids".

Section 11.12 Contract Award for Request for Proposals

- A. The contract shall be awarded to the Proposer whose proposal is responsive and responsible and determined in writing to be the most advantageous to the City based on the factors set forth in the Request for Proposals. The determination shall explain the basis of the award.
- B. If the Contract(s) awarded exceeds the formal procurement limit, each unsuccessful Proposer shall be notified in writing of the award.

- C. After contract award or as determined by the Purchasing Agent, the proposals shall be open for public inspection, except to the extent that the withholding of information is permitted or required by law. If the Proposer designates a portion of the proposal as confidential, disclosure of such portion shall be made in accordance with the following:
1. If a Proposer believes that a proposal contains information that should be withheld, a statement advising the Purchasing Agent of this fact shall accompany the submission and the information shall be so identified wherever it appears. The information identified by the Proposer as confidential shall not be disclosed until the Purchasing Agent makes a written determination;
 2. The Purchasing Agent shall review the statement and information and shall determine in writing whether the information shall be withheld; and
 3. If the Purchasing Agent makes the determination to disclose the information, the Purchasing Agent shall inform the Proposer in writing of such determination.

ARTICLE 12 **FORMAL PROCUREMENT PROCESS – PROFESSIONAL DESIGN SERVICES, CAPITAL IMPROVEMENTS/CONSTRUCTION AND CONSTRUCTION SERVICES**

The formal procurement process for professional design services and capital improvements/construction projects utilizes different solicitation documents than the Request for Proposals. If the procurement is for professional design services, the Purchasing Agent shall utilize the Request for Statements of Qualifications solicitation. If the procurement is for capital improvements/construction, the Purchasing Agent shall utilize the Invitation for Bids (IFB) or one of the Alternative Project Delivery Methods, such as Construction Manager At Risk (CMAR), Design Build (DB) or Job Order Contracting (JOC), as deemed appropriate. If any of the Alternative Project Delivery Methods are utilized, the solicitation and contract award shall be based on “qualifications” or “Best Value” utilizing the Request for Statements of Qualifications (RSOQ). In the event a decision is made by the Purchasing Agent to have a phase 2 of the solicitation process, a Request for Proposals may be used to include pricing information. Both the Request for Statements of Qualifications and the Request for proposals documents shall include specifications and/or scope of work, and all contractual terms and conditions applicable to the procurement.

Section 12.1 Request for Solicitation Determination

The Purchasing Agent shall determine if the Invitation for Bids or one of the Alternative Project Delivery Methods, followed by a Request for proposals, if there is a phase 2, is more appropriate for the selection of the service or construction with an estimated expenditure exceeding the formal procurement limit.

Section 12.2 Request for Issuance of a Formal Solicitation

- A. The Requisitioner or “End-user” shall electronically submit a requisition referencing the cost estimate or approved budget for the requested service or construction.
- B. The Purchasing Agent shall obtain a bid number from the Solicitation Log Book in the Purchasing Section, provide the description of the purchase or project, the Purchasing Agent assigned and determine the appropriate solicitation document and agreement to be used.

- C. The Requisitioner or “End-user” shall provide the specifications and/or scope of work to the Purchasing Section. Once the solicitation is complete, the Purchasing Agent shall forward to the City Attorney’s office for review before issuance of the solicitation.

Section 12.3 Professional Design Services

Professional Design Services are those services that are legally required to be accomplished, reviewed and approved by professionals registered to practice in the State of Arizona and pertain to the following professional services:

1. Architect services
2. Engineering services
3. Assayer services
4. Geologist services
5. Landscape Architect services
6. Land Surveying services

Contracts for these professional design services shall be solicited through a Request for Statements of Qualifications, except as otherwise provided for in Article 18, Sole Source, Article 19, Emergency Purchase, or Article 20, “Procurements From Solicitations by Other Governmental Entities”. The Purchasing Section shall issue the standard Request for Statements of Qualifications document established and approved by the Purchasing Section and the City Attorney’s office. All contracts for professional services referenced above, shall be awarded and administered in accordance with the requirements of A.R.S. Title 34, Public Buildings and Improvements and the appropriate Article or Section of this Procurement Code Manual.

The Request for Statements of Qualifications shall be issued at least **twenty one (21) days** before the closing date and time for receipt of statements of qualifications, unless a shorter time is determined necessary in writing by the Director. In accordance with the Flagstaff City Charter, public notice of the Request for Statements of Qualifications shall be published at least once in the official newspaper, not less than five (5) days prior to the opening of statements of qualifications.

Section 12.4 Capital Improvements/Construction

- A. Capital Improvements is the construction related projects involving the process of building, altering, repairing, improving or demolishing any public structure or building or other public improvements of any kind to any public real property, which extends the life or increases the productivity of the real property. Construction is the process of building, altering, repairing, improving or demolishing any public infrastructure facility, including public structure, public building, or other public improvements of any kind to any real property. Construction does not include the routine operation, routine repair, or routine maintenance of existing public infrastructures or facilities, including structures, buildings or real property.
- B. Contracts for capital improvements/construction shall be solicited utilizing an Invitation for Bids process or one of the Alternative Project Delivery Methods, except as otherwise provided for in Article 18, “Sole Source” or Article 19, “Emergency Purchase”.
- C. The Purchasing Section shall issue the appropriate, selected, solicitation document established and approved by the Purchasing Section and the City Attorney’s office.

- D. All contracts for Capital Improvements/construction shall be awarded and administered in accordance with the requirements of A.R.S. Title 34, Public Buildings and Improvements and the appropriate Article or Section of this Procurement Code Manual.
- E. Bidders shall submit subcontractor lists for all subcontracts that are above \$5,000. Bids not in compliance with this requirement shall be deemed non-responsive. Submission of the subcontractor list shall act as Bidder certification that the work shall be performed by either the Bidder or the listed subcontractors. Substitutions may be allowed for reasons including, but not limited to, subcontractor non-responsiveness, insolvency, or any other reason deemed by the Director to be in the best interest of the City.

Section 12.5 Construction Services

Construction Services is a combination of construction and one or more related services, such as finance services, maintenance services, operations services, design services and pre-construction services, as these services are authorized in the definitions of Construction Manager at Risk, Design Build or Job Order Contracting as follows:

- A. Construction-Manager-At-Risk is a project delivery method in which:
 - 1. There is a separate contract for design services and a separate contract for construction services;
 - 2. The contract for construction services may be entered into at the same time as the contract for design services or at a later time;
 - 3. Design and construction of the project may be in sequential phases or concurrent phases; and
 - 4. Finance services, maintenance services, operations services, preconstruction services, and other related services may be included.
- B. Design-Build is a project delivery method in which:
 - 1. There is a single contract for design services and construction services;
 - 2. Design and construction of the project may be in sequential phases or concurrent phases; and
 - 3. Finance services, maintenance services, operations services, preconstruction services, design services and other related services may be included.
- C. Job-Order-Contracting is a project delivery method in which:
 - 1. The contract is a requirements contract for indefinite quantities of construction;
 - 2. The construction to be performed is specified in job orders issued during the contract;

3. Finance services, maintenance services, operations services, preconstruction services, design services and other related services may be included; and
 4. The project limit shall be set by the Director in accordance with A.R.S. Title 34, Public Buildings and Improvements.
- D. Design-Bid-Build is the traditional project delivery method, other than the three (3) alternative project delivery methods, referenced above, in which:
1. There is a sequential award of two (2) separate contracts;
 2. The first contract is for design services;
 3. The second contract is for the actual construction;
 4. Design and construction of the project are in sequential phases; and
 5. Finance services, maintenance services and operations services are not included.

Contracts for construction services shall be solicited through a construction-manager-at-risk, design-build or job-order-contracting selection process utilizing a Request for Statement of Qualifications, except as otherwise provided for in Article 18, "Sole Source" or Article 19, "Emergency Purchase". The Purchasing Section shall issue the standard Request for Statements of qualifications document established and approved by the Purchasing Section and the City Attorney's office. All contracts for professional services referenced above, shall be awarded and administered in accordance with the requirements of A.R.S. Title 34, Public Buildings and Improvements and the appropriate Article or Section of this Procurement Code Manual.

The Request for Statements of Qualifications shall be issued at least **twenty one (21) days** before the closing date and time for receipt of statements of qualifications, unless a shorter time is determined necessary in writing by the Director. In accordance with the Flagstaff City Charter, public notice of the Request for Statements of Qualifications shall be published at least once in the official newspaper, not less than five (5) days prior to the opening of statements of qualifications.

ARTICLE 13 **FORMAL SOLICITATION ADVERTISING**

- A. The Purchasing Agent shall advertise all formal solicitations as follows:
1. Invitation for Bids--- At least one (1) time in a local newspaper of general circulation no less than five (5) days prior to bid opening.
 2. Request for Proposals—At least one (1) time in a newspaper of general circulation no less than five (5) days prior to proposal opening.
 3. Request for Statements of Qualifications--- At least two (2) consecutive times in a newspaper of general circulation no less than six (6) days apart and no more than ten (10) days apart prior to the statement of qualifications opening. The opening shall not be less than five (5) days from the last advertisement.

- B. The requisitioning department shall budget for this required advertising.
- C. The City web site references all formal solicitation opportunities.
- D. The Purchasing Section may mail a notice of solicitation and any addendums to persons listed on the City Bidder's List and any person requesting the information. Bidnet, Arizona Procurement Technical Assistance Network, Construction News, Dodge, and other resources deemed appropriate by the Purchasing Section may be included in mailing lists for all applicable solicitations. All solicitations listed on the City's web site are available for downloading. Interested Bidders may subscribe to receive an e-mail based notification of all current solicitation opportunities by downloading and completing a vendor application from the City's website. The vendor application can be found by going to the City's website home page, clicking on City Hall, and then Departments, and then Purchasing and then vendor registration and then the link for vendor application.
- E. All solicitations may be picked up from the Purchasing Section during normal business hours. For construction related projects involving plan sets, the City's Project Manager assigned to the project or a designee within their Division or Section shall be responsible for providing and logging plan sets requested by prospective Proposers.
- F. The Purchasing Section shall be responsible for scheduling bid or proposal openings and required pre-bid or pre-proposal conferences and post award meetings.
- G. The Purchasing Agent shall determine and coordinate any necessary addendums and issue any required addendums, receive bids or proposals and conduct bid or proposal openings.
 - 1. Only the Purchasing Section may supply interested persons with official copies of formal solicitations; and
 - 2. Only a Purchasing Agent may issue a Notice of Award or a Notice to Proceed.

ARTICLE 14 **EVALUATION/SELECTION COMMITTEE FOR MATERIALS, SERVICES, PROFESSIONAL DESIGN SERVICES AND CONSTRUCTION**

All vendor responses to formal solicitations that contain evaluation criteria, in addition to price, shall be evaluated and scored by an evaluation/selection committee according to the following:

- A. The committee shall review and evaluate vendor responses according to the evaluation criteria referenced in the solicitation document. All committee members shall score each vendor according to the scoring matrix provided by the Purchasing Agent.

Section 14.1 ***Guidelines for Evaluation/Selection Committee; Selection Process***

A. *Appoint Evaluation/Selection Committee for Materials and Services:*

- 1. The selection of Evaluation Committee members shall be determined, collectively, by the Purchasing Agent and the end-user. The evaluation committee shall consist of at least three (3) people, but preferably five (5) people. For any evaluation committee comprised of more than three (3) members, the committee shall consist

of an odd number of members. Committee membership shall be a diverse group familiar with the elements contained in the Scope of Work.

2. Evaluation Committee membership is not restricted to City employees. However, committee members may not receive compensation, present a proposal, nor be affiliated with a person presenting a proposal.
3. Evaluation Committee members may be required to attend a training session on the elements of evaluating proposal responses from Proposers and the various elements to be scored, given the evaluation criteria outlined in the solicitation document.

B. *Appoint Evaluation/Selection Committee for Professional Design Services:*

1. The selection of Evaluation Committee members shall be initiated and determined, collectively, by the Purchasing Agent and the City Project Manager assigned to the project. The evaluation committee shall consist of at least five (5) members, but no more than seven (7) members and shall include at least one (1) member who is a senior management employee of a licensed Contractor and one (1) member who is an Architect or Engineer registered in the State of Arizona. The remaining evaluation committee membership shall be a diverse group familiar with the elements contained in the Scope of Work. A member on the evaluation committee, who is not an employee of the City, shall not be a Contractor under a contract awarded under the procurement or provide any professional services, construction, construction services, materials or other services under the contract.
2. These members may be employees of the City or not an employee of the City. Members who are not employees of the City, outside Contractors, Architects and Engineers serving on an evaluation committee, are not entitled to receive compensation from the City for performing this service, nor be affiliated with a person submitting a statement of qualifications. However, the City may elect to reimburse members who are not employees of the City, outside Contractors, Architects and Engineers for travel, lodging and other expenses incurred in connection with service on an evaluation committee.
3. Evaluation Committee members may be required to attend a training session on the elements of evaluating proposal responses from Proposers and the various elements to be scored, given the evaluation criteria outlined in the solicitation document.

C. *Appoint Evaluation/Selection Committee for Construction (utilizing a Request for Statements of Qualifications solicitation):*

1. The selection of Evaluation Committee members shall be initiated and determined, collectively, by the Purchasing Agent and the City Project Manager assigned to the project. The evaluation committee shall consist of at least five (5) members, but no more than seven (7) members and shall include at least one (1) member who is a senior management employee of a licensed Contractor and one (1) member who is an Architect or Engineer registered in the State of Arizona. The remaining evaluation committee membership shall be a diverse group familiar with the elements contained in the Scope of Work. A member on the evaluation committee,

who is not an employee of the City, shall not be a Contractor under a contract awarded under the procurement or provide any professional services, construction, construction services, materials or other services under the contract.

2. These members may be employees of the City or not an employee of the City. Members who are not employees of the City, outside Contractors, Architects and Engineers serving on an evaluation committee, are not entitled to receive compensation from the City for performing this service, nor be affiliated with a person submitting a statement of qualifications. However, the City may elect to reimburse members who are not employees of the City, outside Contractors, Architects and Engineers for travel, lodging and other expenses incurred in connection with service on an evaluation committee.
3. Evaluation Committee members may be required to attend a training session on the elements of evaluating proposal responses from Proposers and the various elements to be scored, given the evaluation criteria outlined in the solicitation document.

Section 14.2 Guidelines for the Selection of Evaluation Criteria Used in a Solicitation Advertised as an Invitation for Bids, Request for Proposals or a Request for Statements of Qualifications

- A. Evaluation criteria are determined by the Director and the end-user or City Project Manager. Evaluation criteria shall be objectively measurable and allow for the evaluation, selection and award of a contract in the best interest of the City.
- B. All solicitations advertised as a Request for Statements of Qualifications shall include the evaluation criterion "Value Added Knowledge and Experience" as follows:

Value Added Knowledge and Experience (10 points/10%)

The team hired by the City must be familiar with local community needs, standards, historical challenges, local codes and site conditions. Additionally, the team must be accessible to City staff and citizens (e.g., public hearings, neighborhood meetings and other citizen outreach identified in the Request for Statements of Qualifications) during the contracted design and construction phase of the Project.

1. Resolution of issues may be part of the project work. Describe your response protocol and how the firm's Project Manager (or responsible person in charge) will be accessible to City staff and citizens.
2. Explain why your firm is particularly qualified to perform your services in the Flagstaff area. Demonstrate the Project Manager's (or responsible person in charge) knowledge of local geology, climate, practices, materials and codes by specifying in the submittal their experience working in the Northern Arizona region or in a region with geology, climate and conditions similar to those of the City of Flagstaff.
 - a. Briefly describe two of your most recent projects that were performed in the greater Flagstaff area as defined by the Regional Plan and/or Flagstaff Metropolitan Planning Organization (FMPO) boundaries.

3. During construction what it the response time by a qualified person (decision making authority) to meet in person and resolve concerns and to accommodate unforeseen issues?
- C. The Director may establish a specific weight percentage for each Value Added Knowledge and Experience sub-section, not to exceed the total 10 points or 10% assigned for all of the Value Added Knowledge and Experience evaluation criterion.

ARTICLE 15 CANCELLATION OR REJECTION OF SOLICITATIONS

An Invitation for Bids, a Request for Proposals or Request for Statements of Qualifications may be canceled by the Director prior to the solicitation opening. However, all bids, proposals or statements of qualifications submitted by a Bidder or proposer may be rejected after the solicitation opening, but the rejection of solicitation shall be approved by City Council as provided in the City Charter.

Section 15.1 Solicitation Statement

Each solicitation issued by the City shall state that the solicitation may be canceled or bids or proposals rejected in whole or in part.

Section 15.2 Cancellation of Solicitation Before Bids or Proposals Are Due

- A. Before bids or proposals are due, a solicitation may be canceled if the Purchasing Agent determines that cancellation is advantageous to the City.
- B. If a solicitation is canceled before bids or proposals are due, notice of cancellation shall be posted to the City website and sent to all prospective Bidders or Proposers who completed and provided to the Purchasing Section an Acknowledgment of Receipt form when practicable, depending on the number of prospective Bidders who submitted this form. The notice of cancellation shall identify the solicitation and briefly explain the reason for cancellation.
- C. Any bids or proposals received by the City for a canceled solicitation shall be returned to the Bidder or Proposer unopened.

Section 15.3 Cancellation of Solicitation After Bids or Proposals Are Due

- A. After opening of bids or proposals, but before award, a solicitation may be canceled if the Purchasing Agent determines that cancellation is advantageous to the City.
- B. A notice of cancellation shall be sent to all Bidders or Proposers submitting bids or proposals.
- C. Bids or proposals received shall be placed in a sealed file pending a decision of a rebid of the solicitation. In the event of a rebid of the solicitation, the file shall remain sealed until an award is made.

Section 15.4 Rejection of All Solicitations

- A. After receipt, opening and evaluation, but before award, all solicitations may be rejected if determined to be in the best interest of the City. However, any recommendations for a solicitation to be rejected shall be approved by the City Council.
- B. A notice of rejection shall be sent to all Bidders or Proposers submitting bids or proposals.

Section 15.5 *Procurement Procedural Irregularity*

The Purchasing Agent shall act to cancel or reject in the event that action is deemed in the best interest of the City due to a procurement procedural irregularity.

ARTICLE 16 *DETERMINATION OF BIDDER AND PROPOSER RESPONSIBILITY*

- A. The Purchasing Agent shall consider the responsibility of any vendor prior to purchasing materials or services from such vendor. The Purchasing Agent shall prepare a written evaluation of a vendor's responsibility for any procurement for services or materials of \$50,000 or more. The evaluation will be placed in the vendor's file.
- B. Factors to be considered in determining if a vendor is responsible include those set forth below. Any single factor or combination of factors may be grounds for determination of non-responsibility.
 - 1. The vendor's capacity to do the work, including adequate finances, equipment, facilities, employees and competing commitments;
 - 2. The competency and responsibility of the vendor's proposed subcontractors;
 - 3. The vendor's experience in performing similar work;
 - 4. The vendor's integrity and record of performance:
 - a. Positive factors include but are not limited to timely completion within budget, quality of work, prompt resolution of problems, good working relationships and the ability to resolve disputes without litigation;
 - b. Negative factors include but are not limited to past contract terminations or deductions due to failure to perform; termination for cause due to breach; failure to comply with the contract; documented poor performance; customer complaints and/or negative references; unresolved disputes with project owners or subcontractors; and litigation without merit. In addition, any of the grounds set forth in Article 30 for suspension or debarment may be considered.
 - 5. The vendor is qualified legally to contract with the City;
 - 6. Whether the vendor has truthfully supplied all information concerning its responsibility requested by the Purchasing Agent; and
 - 7. Whether the vendor holds any required and active valid State of Arizona license(s) to conduct business or to perform the work proposed.

8. Any other evaluation criteria listed in the solicitation. Examples of other evaluation criteria include but are not limited to: requirement of a balanced bid, requirement that the bid or proposal identify the percentage and cost of work that each subcontractor will perform and a cap on the total project value that can be completed by subcontractors, or requirement that no work shall be subcontracted.
- C. The Purchasing Agent may establish specific responsibility criteria for a particular procurement. All responsibility criteria shall be listed in the solicitation. The solicitation should specify that "The responsibility of the Bidder will be determined based on factors described in Article 16 of the Procurement Code Manual.
- D. If the Purchasing Agent determines that a vendor is non-responsible, the determination shall be approved by the Director and in consultation with the City Attorney, shall be in writing and set forth the basis for the determination. A copy of the determination shall be promptly sent to the non-responsible Bidder or Proposer. The Bidder or Proposer may protest the determination by following Article 29, "Protests", Sections 29.1 through 29.6. If the Director in consultation with the City Attorney determines the Bidder or Proposer is non-responsible, no further administrative remedy is available, as the City will not conduct a hearing. The Bidder or Proposer has no due process right to a hearing, but may have the right to file a special action, see *Grand Canyon Pipelines, Inc. v. City of Tempe*, 816 P.2d 247 (Ariz. App 1991). The final determination shall be made part of the procurement file.
- E. If a contractor desires to substitute a subcontractor at any time after contract award, the Director shall evaluate the competency and responsibility of the proposed new subcontractor. The contractor shall submit complete information to the City and the City shall not be liable for any damages for project delays resulting from such substitution. The City reserves the right to reject substitution of contractors where the contractor was selected in part due to the unique and special skills or knowledge of such subcontractor and if the solicitation clearly provides that the City may reject substitution of such subcontractor.

Section 16.1 Request for Review of Responsibility

- A. In the event a Purchasing Agent has cause to question the responsibility of the low Bidder or highest scoring Proposer, a formal letter shall be sent to the Bidder or Proposer containing all information available, including the specific areas where responsibility evidence is desired. In the event the low bid appears to be underbid, unbalanced or not financially viable, the Purchasing Agent may require the low Bidder to provide an accounting, showing that the work can be completed at the bid price.
- B. Information supplied by the Bidder or Proposer shall be evaluated by the Purchasing Agent.
- C. In the event the Bidder or Proposer is determined non-responsible, the Bidder or Proposer shall be notified in writing of the decision.

ARTICLE 17 COST OR PRICING DATA

- A. The submission of current cost or pricing data may be required in connection with an award in situations in which analysis of the proposed price is essential to determine that

the price is reasonable and fair. A Bidder or Proposer shall, when requested, submit current cost or pricing data and shall certify that, to the best of the Bidder's or Proposer's knowledge and belief, the cost or pricing data submitted is accurate, complete and current as of a mutually determined specified date.

- B. This certification may also be requested to substantiate requests for price adjustments for contracts with options to extend and any contract modification or change order.
- C. This certification may also be requested to substantiate requests for cost reimbursements pursuant to the specific terms and conditions contained in a City contract.

Section 17.1 Reimbursement

Provisions for reimbursement of costs shall, where applicable, be included in the terms of the contract and it shall be required that written approval of the Procurement Agent be obtained by the Bidder or Proposer prior to incurring costs to be reimbursed.

ARTICLE 18 SOLE SOURCE

- A. A contract may be awarded for a material, service or construction without competition if the Purchasing Agent determines in writing that there is only one source for the required material or service. The Director may require the submission of cost or pricing data in connection with an award under this section. Sole source procurement shall be avoided, except when no reasonable alternative sources exist. The written determination of the basis for the sole source procurement shall be included in the contract file.
- B. The Purchasing Agent shall negotiate with the sole source Bidder or Proposer, to the extent practicable, a contract advantageous to the City.
- C. Sole Source purchases authorized by the Purchasing Agent, which exceed the formal procurement limit, shall be awarded pursuant to Article 26, "Award of Contract".

Section 18.1 Sole Source, Evidence Request

- A. Sole Source procurement shall not be used unless there is clear and convincing evidence that there is only one source as determined by the Purchasing Agent.
- B. In the event a Department or Division requests a Sole Source procurement, written evidence and report of research to support the request shall be provided to the Purchasing Agent.
- C. Negotiations involving Sole Source purchases shall not commence until the Purchasing Agent has approved the Sole Source purchase.

Section 18.2 Sole Source Justification

- A. Justification for sole source purchases, at **five thousand and one dollars (\$5,001)** and greater, are required.

- B. The Purchasing Agent shall approve, prior to any negotiation, any Sole Source purchase over **five thousand dollars (\$5,000)** pursuant to Section 18.1, "Sole Source, Evidence Request".
- C. A sole source agreement at **five thousand and one dollars (\$5,001)** and up to **forty nine thousand nine hundred and ninety nine dollars (\$49,999)** may be approved by the Director for a period up to five (5) years based on City requirements and market conditions. A sole source agreement at **fifty thousand (\$50,000)** and greater, shall be approved by City Council for a period up to five (5) years.

ARTICLE 19 **EMERGENCY PURCHASE**

- A. Notwithstanding any other provision in this Procurement Code Manual, the Director may make or authorize others to make emergency procurements if there is a threat to public health, welfare, or safety or if a situation exists which makes compliance with the procurement process specified in Articles 10, "Formal Procurement Process—Invitation For Bids", Article 11, "Formal Procurement Process—Request For Proposals" and Article 12, "Formal Procurement Process—Professional Design Services, Capital Improvements/Construction And Construction Services" contrary to the public interest. Emergency procurements shall be made with such competition as is practicable under the circumstances.
- B. A written determination of the basis for the emergency and for the selection of the particular Bidder or Proposer shall be included in the contract file.
- C. Emergency purchases authorized by the Director which exceed the formal procurement limit, shall be reported to the City Council, as a confirming payment.

Section 19.1 ***Conditions for Emergency Purchase***

An emergency shall be deemed to exist if:

- A. There is a great public calamity;
- B. There is immediate need to prepare for national or local defense;
- C. There is a breakdown in machinery or an essential service which requires the immediate purchase of supplies or services to protect the public health, welfare or safety; or
- D. An essential departmental operation affecting the public health, welfare or safety would be greatly hampered if the prescribed formal or informal purchasing procedure would cause an undue delay in procurement of the needed item or service.

Section 19.2 ***Emergency Purchase Procedure***

- A. If the emergency occurs during Purchasing Office hours, the requesting department shall contact the Director or a Purchasing Agent who shall procure or authorize the procurement of the necessary materials, services or construction and fully document the purchase.

- B. In the event the emergency occurs after Purchasing Office hours, any City employee may make any necessary procurement after receipt of authorization from the Department's or Division's Manager or Supervisor.
 - 1. By the next working day, a full report of the circumstances of the emergency purchase shall be made by the person making the purchase. The report shall be filed with the Director for inclusion in the appropriate Purchasing records; and
 - 2. If the purchase exceeded the formal bid limit, the Director and the City employee who made the emergency purchase, shall seek approval of the purchase from the City Council as a confirming payment.

ARTICLE 20 **PROCUREMENTS FROM SOLICITATION BY OTHER GOVERNMENTAL ENTITIES**

The City may enter into contracts for the procurement of materials, services or construction pursuant to specifications, solicitations or contracts issued by other governmental entities. Such purchases shall conform to state procurement statutes and the Purchasing Agent involved shall conduct due diligence and conclude that the solicitations or contracts issued by other governmental entities conform to the purpose and spirit of this Procurement Code Manual.

Section 20.1 Existing Contracts

- A. When making a purchase that conforms to the purpose and spirit of this Procurement Code Manual and the purchase exceeds the City's formal bid limit, the Director shall place a written justification for the use of a contract issued by another governmental agency in the City's contract file, provided the Bidder or Proposer is willing to extend the contract to the City and the Purchasing Agent and the requesting Division obtains City Council approval prior to making the purchase.
- B. The Purchasing Agent shall execute a Purchase Order or Notice of Award referencing the applicable contract of the soliciting entity.

Section 20.2 Joint Solicitations

- A. When the City intends to purchase materials or services with another governmental agency through a contract with that agency and the selected Bidder or Proposer, the City may participate in any solicitation issued by that governmental agency provided:
 - 1. The Procurement Officer of the other governmental agency invites the participation or responds positively to a request by the City to participate;
 - 2. The terms and conditions of the lead agency's solicitation have been reviewed by the Purchasing Agent and the City Attorney's office and determined to be advantageous to the City; and
 - 3. The procurement process governing the solicitation substantially conforms to the purpose and spirit of this Procurement Code Manual.
- B. Another governmental agency may join in any formal solicitation issued by the City provided:

1. The governmental agency will be a party to the contract which the City and the selected Bidder or Proposer will enter into; and
 2. The participation is not found by the Director to be disadvantageous to the City.
- C. The provisions of this joint solicitation rule do not apply to the City's participation in solicitations conducted by, but not limited to, the following governmental entities or groups of governmental entities: The Flagstaff Alliance For The Second Century, the State of Arizona, Mohave Educational Services Cooperative, the Western States Contracting Alliance (WSCA), U.S. Communities and the Strategic Alliance for Volume Expenditures (SAVE). Participation in these procurements will continue to be subject to the terms and conditions specified in their respective contracts.

Section 20.3 *Cooperative Purchasing Contract Awards*

Cooperative purchasing contracts shall be awarded as specified in Article 26, "Award of Contract".

Section 20.4 *Purchases From Existing Contracts*

- A. The Director or Purchasing Agent and the Requesting Division shall determine, collectively, whether using an existing contract from another governmental entity would be in the best interest of the City.
- B. The terms and conditions of the selected governmental entity's solicitation have been reviewed by the Purchasing Agent and the City Attorney's office and determined to be advantageous to the City.
- C. The Director or Purchasing Agent shall make the purchase according to all applicable sections within this Procurement Code Manual.

Section 20.5 *Request for Joint Solicitation*

- A. The Requesting Department shall request, in writing to the Director, participation in a joint solicitation.
 1. Written request shall include the volume and estimated value of the purchase, which agency is to conduct the solicitation, and benefit to the City for the joint solicitation; and
 2. Upon written approval, by the Director, the City's Requesting Department shall coordinate with the other entity the preparation of specifications.
- B. The procurement activity shall be conducted or coordinated by the Director or Purchasing Agent whether the City is the lead agency, or another governmental entity is the lead agency.

Section 20.6 *Commitment to Purchase or Participate*

The Director or Purchasing Agent, in conjunction with the requesting Division, shall determine if it is advantageous for the City to a purchase pursuant to a contract issued by another governmental entity or to participate in a joint solicitation with another governmental entity.

ARTICLE 21 **BID AND CONTRACT SECURITY**

The submission of security to guarantee faithful bid and contract performance may be required. In determining the amount and type of security required for each contract, the Director shall consider the nature of the performance and the need for future protection for the City. The requirement for security must be included in the solicitation documents.

Section 21.1 ***Bid Bond***

The Purchasing Agent shall determine, on a case by case basis, the need for Bid Security and the amount in order to protect the interest of the City, except where specifically required by A.R.S., Title 34, Public Buildings and Improvements.

- A. If required by A.R.S., Title 34, Public Buildings and Improvements, the security shall be in the form of a bid bond issued by a company authorized to issue surety bonds in the State of Arizona or a Cashier's Check made payable to the City of Flagstaff in the amount of ten percent (10%) of the vendor's total bid.
- B. Bid Security shall be returned to all but the two lowest responsible and responsive Bidders or Proposer within ten (10) days after the opening of bids, and the remaining securities returned within three (3) days after the execution of the contract.

Section 21.2 ***Performance and Payment Bonds***

The Purchasing Agent shall determine, on a case by case basis, the need for a Performance and/or Payment Bond and the amount in order to protect the interests of the City, except where specifically required by A.R.S., Title 34, Public Buildings and Improvements.

- A. If required by A.R.S., Title 34, Public Buildings and Improvements, the security shall be in the form of a Performance Bond or Payment Bond issued by a person authorized to issue surety bonds in the State of Arizona, or upon approval of the Director, secured Cashier's Check made payable to the City of Flagstaff in the amount of one hundred percent (100%) of the vendor's total bid. Individual or personal sureties will not be allowed.
- B. The contract number and dates of performance must be clearly indicated in the Bond.
- C. The Director may consider other forms of Performance and Payment guarantee, depending on the project, with the concurrence of the City's Risk Manager and the City Attorney's office.

Section 21.3 ***Collection of Bid Bonds***

The Purchasing Agent shall notify vendors/contractors, in writing, who fail to execute required contracts of their bond forfeiture and shall act to collect the bond amount if a surety was posted.

Section 21.4 ***Enforcement of Performance Bond***

- A. The Purchasing Agent shall notify vendors/contractors, in writing, who fail to provide performance bonds of their default, initiate action to award to second low Bidder or re-bid.
- B. The City's Project Manager or Purchasing Agent shall notify the Director and the City Attorney's office of any performance deficiency in order that the City may initiate a claim against the performance bond in the event the deficiency cannot be resolved with the vendor/ contractor.

ARTICLE 22 **MULTI-TERM CONTRACTS**

- A. Unless otherwise provided by law, a contract for materials or services may be entered into for a period of time up to five years, as deemed to be in the best interest of the City, if the term of the contract and conditions of renewal or extension, if any, are included in the solicitation and monies are available for the first fiscal year period at the time of contracting. A contract may be entered into for a period of time exceeding five years if the Director determines in writing that such a contract would be advantageous to the City and the City Council approves the contract term.
- B. Multi-term contracts shall contain provisions for cancellation by the City in the event funds are not appropriated for the continuance of the contract.

Section 22.1 Determination for Contract Periods Over 5 Years

- A. Written requests for contracts exceeding five (5) years shall justify the advantage to the City and indicate why more frequent competition is not practicable.

Section 22.2 Establishment of Contract Period

- A. The Director and requesting department shall determine the appropriate contract period based on market conditions, nature of the material or service, and applicable Contract Administration factors.
- B. Contracts due to expire prior to a formal solicitation for a new term contract award may be extended on a month to month basis, approved by the Director, to maintain organizational service levels until a new formal solicitation can be conducted and a new contract awarded.

Section 22.3 Authority to Renew

- A. The Purchasing Director shall have authority to renew a contract if the original contract, approved by City Council, contains a provision that allows for contract renewals upon mutual agreement of both parties and the Purchasing Director has determined in writing that the vendor is not in breach of contract and is performing satisfactorily.

ARTICLE 23 **RIGHT TO INSPECT; AUDIT**

- A. ***Right to inspect.*** The City may, at reasonable times, inspect the place of business of a contractor or any subcontractor which is related to the performance of any contract awarded or to be awarded by the City.

- B. ***Right to Audit.*** The City may at reasonable times and places, audit the books and records of any person who submits cost or pricing data to the extent that the books and records relate to the cost or pricing data, or audit the books and records of any person under any contract to the extent that the books and records relate to the performance of the contract. Any person who receives a contract, change order or contract modification for which cost or pricing data is required shall maintain the books and records that relate to the cost or pricing data for three (3) years from the date of final payment under the contract, unless a shorter period is otherwise deemed appropriate by the Director.

ARTICLE 24 **CONTRACT PROVISIONS AND AMENDMENTS**

- A. The Director and the City Attorney's office shall require inclusion in all contracts various provisions regarding appropriate remedies, time of performance, insurance, assurance, price increase limits, options to renew, cost reimbursement and any other terms and conditions, considered to be protective clauses and advantageous to the City.

Section 24.1 ***Standard Provisions***

The Director and the City Attorney's office shall prepare and make available standard contract language for contracts subject to this Procurement Code Manual and State of Arizona statutory requirements. Any modification, deletion, or addition to established contract language shall only be made with the prior approval of the Director and City Attorney's office.

Section 24.2 ***Effective Dates***

All contracts shall state an effective date, initial term of the contract and any contract renewal options after the initial contract term expires and, if applicable, performance dates or notice requirements for implementation date.

Section 24.3 ***Contract Review Process***

- A. All contracts shall be reviewed by the Purchasing Agent and the City Attorney's office prior to issuance of a solicitation or execution by the Bidder or Proposer for the purpose of including all applicable contract provisions advantageous to the City.
- B. When deemed appropriate, the Director may also require review and approval by other City Staff.

Section 24.4 ***Contract Preparation Process***

- A. All contracts shall be referenced by a number assigned by the Procurement Agent.
- B. Contracts shall be awarded according to Section 26.1 "Notice of Intent to Award".
- C. Formal contracts, at minimum, shall be prepared and signed in triplicate. The successful Bidder or Proposer shall sign the contract first, whenever possible. The contract shall then be routed using a "Document Tracking" form to the City Attorney's office for an Attorney's signature and then routed to the City Clerk's office for signature by the City Manager or Mayor, as appropriate, and then signed by the City Clerk. The distribution of signed contracts shall be as follows: one (1) original copy to the Bidder or Proposer, one (1)

original copy to be put in the solicitation file within the Purchasing Section and one (1) original copy to the City Clerk's office.

Section 24.5 *Contracts to be Maintained by the City Clerk*

- A. A copy of all original signed contracts, including any associated amendments, shall be forwarded to the City Clerk who shall assign a contract number and maintain all City wide contracts.

Section 24.6 *Contract Amendments*

Contracts may be amended if the Director, end-user and the City Attorney's office determines, in writing, that such modification is advantageous to the City, except contracts originally awarded by the City Council may be amended only with the approval of the City Council, unless the amendment is to provide necessary clarification, provided by the Director and City Attorney's office, to eliminate varying interpretation.

- A. Amendments to contracts shall include signatures of all parties signing the original contract, except where personnel changes have been made to authorized agents of a business entity or the positions of authority within the City. Contract amendments shall be drafted or reviewed by the Purchasing Section and the City Attorney's office prior to signing by the vendor.
- B. Amendments that increase the total expenditure commitment from the informal to formal procurement limit are subject to approval through the formal contract award process as required in Section 26.1 "Notice of Intent to Award".
- C. Contract amendments shall not alter the terms and conditions or scope of work to the extent that, had the contract been bid in the modified state, the resulting low Bidder could have changed, or to the extent that the bid participation could reasonably have been expected to have increased.

Section 24.7 *Contract Amendment Preparation*

- A. Contract amendments shall be prepared in triplicate, using the standard format provided by the Director, and shall be numbered the same as the original contract and routed in accordance with the same procedures outlined in Section 24.3, "Contract Preparation Process".
- B. Contract amendments shall be signed by all parties signing the original contract.

Section 24.8 *Contract Amendment Process*

- A. Changes not within the context of the original scope of work may not be accomplished with a change order, but shall require a Contract amendment and City Council approval if the contract amount is at or higher than the formal procurement limit of \$50,000.
- B. Contract amendments shall be reviewed and approved prior to the signing by the vendor in the following sequence:
 - 1. Purchasing

2. City Attorney's Office
 3. City Council (If contract amount is at or higher than \$50,000)
- C. A copy of any contract amendment shall be sent to the Purchasing Office for inclusion in the procurement file. When applicable, a memo citing the original Purchase Order number shall be attached to the modification to authorize increase/decrease to the encumbrance by the amount needed to meet the new contractual commitment.

ARTICLE 25 CHANGE ORDERS

A. *Change Orders*

The City of Flagstaff recognizes the need for City staff to review and approve change orders; task orders that exceed the City Council approved contract amounts; field orders that exceed the authorized limits; and purchase orders for capital projects that exceed the established limit in the City Procurement Code Manual.

The purpose of the Change Order Committee shall have authority to:

1. Review and recommend to City Council approvals, modifications, or disapprovals of design and construction change orders exceeding the time and/or dollar contractual amounts approved by the City Council;
2. Review and approve individual task orders for on-call consultant services that exceed \$100,000 or 365 calendar days;
3. Review and approve field orders that exceed \$100,000 or 60 calendar days;
4. Review and recommend to City Council approval of dollar and time amounts for engineering studies, feasibility studies, reports, contracts, and purchase orders for capital projects that exceed the amount approved by the City Council or that exceed the purchasing limits, as outlined in this Procurement Code Manual; and
5. Review anticipated purchases by the City that require approval as determined by the City Manager, City Attorney, or City Director.

Section 25.1 *Change Order Process*

A change order shall be in written form for any and all changes in the contract's time, conditions or compensation. This written change shall be submitted to the Change Order Committee.

- A. Exception 1 – A Field Order, which is a written and limited change order that is issued under the Contract Allowance provision, does not require Change Order Committee action.

Staff shall have the following field order authorities:

Project Manager - \$10,000 and 10 calendar days.

Section Head - \$25,000 and 30 calendar days.

Division Head - Full contract allowance amount and 60 calendar days.

Field Orders that exceed \$100,000 or 60 calendar days require the Change Order Committee to approve the field order. The Change Order Committee can approve extensions with a “no time limit” cap, if it is a no cost change.

- B. Exception 2 – A Task Order, which is a written and limited order for a scope of work and is issued under the “On-Call” Consultant Contract, does not require Change Order Committee action.

Staff shall have the following Task order authorities:

Project Manager - \$10,000 and 10 calendar days.

Section Head - \$25,000 and 60 calendar days.

Division Head - Contact allowance, up to \$100,000 and 120 calendar days.

Task Orders that exceed \$100,000 or 120 calendar days require the Change Order Committee to approve the task order. The Change Order Committee can approve extensions with a “no time limit” cap, if it is a no cost change.

- C. Contractor may proceed with approved work only upon receipt of a fully executed Change Order and direction of the Purchasing Agent or Project Manager. Due to extenuating circumstances, confirming change orders are allowed upon Director and Project Manager approval.
- D. Change Orders that increase the total expenditure commitment from the informal to formal procurement limit are subject to approval through the formal contract award process as required in Section 26.1 “Notice Of Intent To Award”.
- E. No change order(s) shall exceed 25% of the original contract amount of a professional services contract, 15% of the original contract amount of a construction project, 25% of the original contract amount for all other types of contracts OR \$50,000; whichever is greater without Council approval.
- F. The City's Project Manager shall be responsible for routing of the change order form and obtaining Contractor approval. One (1) original of the completed and approved Change Order(s) shall be included in the contract file maintained by the Purchasing Agent. Copies shall be sent to Purchasing immediately after all applicable reviews and approval.
- G. A copy of any Change Order shall be sent to the Purchasing Office for inclusion in the procurement file. When applicable, a memo citing the original Purchase Order number shall be attached to the Change Order to authorize increase/decrease to the encumbrance by the amount needed to make the new contractual commitment.

Section 25.2 *Change Order Conditions*

- A. Contract Allowance - Contract allowances of 5%, 7.5% or 10% will be added to all design and construction contracts. The allowance is based on the engineer's estimate and will be included in design contracts for recommendation of award by City Council. The allowance will also be included in the bid for construction contracts for recommendation of award by City Council.

Contract amount*
over \$1,000,000 in value

Contract Allowance
allowance of 5%;

from \$999,999.99 to \$250,000
from \$249,999.99 or lower

allowance of 7.5%
allowance of 10%.

- B. Administrative Change Orders - A ten-percent (10%) Administrative Change Order (ACO) amount may be included in all design and construction contracts to be considered by the City Council. The ACO amount is 10% of the total contract less the Contract Allowance amount. The ACO shall not exceed \$500,000.

Administrative Authorization

<u>Contract Amount</u>	<u>Allowance</u>	<u>Administrative CO.</u>	<u>Total</u>	<u>Total Percentage</u>
\$12,000,000	\$600,000	\$500,000	\$1,100,000	9.2%
5,000,000	250,000	500,000	750,000	15.0%
1,000,000	50,000	100,000	150,000	15.0%
500,000	37,500	50,000	87,500	17.5%
100,000	10,000	10,000	20,000	20.0%

Task order – These are authorized scopes of engineering/design work issued to consultants who have approved on-call contracts with the City.

Section 25.3 *Change Order Membership*

The Change Order Committee Members will consist of the following:

1. Public Works Director or designee
 2. Utilities Director or designee
 3. City Attorney or designee
 4. City Engineer or designee
 5. Purchasing Director or Purchasing Agent
- A. The City Manager shall designate a Chair who shall preside over all the meetings, establish agendas, and distribute meeting minutes.
- B. The Change Order Committee meets as necessary on Thursdays (as necessary) at 7:15 a.m. (during summer work hours) and 8:15 a.m. (during winter work hours) in the Council Conference Room.
- C. An electronic copy of all change orders must be submitted to the Committee Chairperson by noon on Monday to be scheduled for the following Thursday's meeting.
- D. Three original change orders, signed by the Project Manager and Department Head shall be given to the Committee Chairperson after the change order has been approved. The Committee Chairperson will obtain all other necessary signatures including the contractor or consultant and distribute copies to the Project Manager.

ARTICLE 26 AWARD OF CONTRACT

The City Council shall award all contracts for materials, services and construction that meet or exceed the formal procurement limit as set forth in Article 7(B), "Formal Procurement Limit." The Purchasing Director shall award all contracts less than the formal procurement limit.

Section 26.1 Notice of Intent to Award

- A. Contracts requiring Council award shall be summarized in a staff summary and posted for at least five days on the City's website prior to award.
 - 1. After Council award, Purchasing shall issue a Notice of Award, along with any associated supplemental Agreement. The Notice of Award shall require that all applicable documents (e.g., insurance certificates, performance and payment bonds and signed Agreement) be submitted to the City within ten (10) days.
 - 2. The Purchasing Agent shall issue a Notice to Proceed for construction and service contracts upon receipt of the, insurance certificates, signed agreement and any applicable bid, performance and payment bonds.

ARTICLE 27 SPECIFICATION GUIDELINES

The Director shall establish guidelines governing the review and approval of specifications for materials, services and construction required by the City as secured through the formal or informal procurement process.

Section 27.1 Content of Specifications

The Director shall establish guidelines governing the content of specifications used in City procurements to ensure adequate competition.

Section 27.2 Samples/Demonstrations

- A. Samples of materials, when required during the solicitation process, shall be submitted in accordance with the instructions in the solicitation.
- B. Samples shall be furnished, free of charge, to the City submitted with the solicitation and must be accompanied by descriptive memorandum.
- C. Bid samples may be held for comparison with deliveries pursuant to a contract award.
- D. Samples will be returned according to the time frame included in the solicitation at the Bidder's risk and subject to his expense. The City will not reimburse the vendor for any expendable/consumable items that were consumed during the bid evaluation process.

Section 27.3 Specification Approval

The Purchasing Agent retains the authority to approve or disapprove all specifications to be used in a solicitation.

Section 27.4 Specifications Guidelines

- A. A specification may provide alternate descriptions of materials, services, or construction items where two or more design, functional, or performance criteria will satisfactorily meet the City's requirements.
- B. To the extent practicable, a specification shall not include any solicitation term or condition, or any contract term or condition.
- C. To the extent practicable, if a specification for a common or general use item has been developed, or a qualified products list has been developed for a particular material, service, or construction item, it shall be used.
- D. To the extent practicable, specifications shall emphasize functional or performance criteria. When using performance specifications all brands bid shall be evaluated after receipt of bids to determine those meeting specifications.
- E. To the extent practicable, specifications shall be written as minimum standards.
- F. Unless otherwise specifically stated in the solicitation, any equipment or materials specified shall be standard, new, and state-of-the-art in quality and design, and shall comply fully with all applicable federal and Arizona laws and regulations.

Section 27.5 *Maximum Practicable Competition; Brand Name or Approved Alternate; Qualified Products List*

- A. ***Maximum Practicable Competition.*** All specifications shall seek to promote overall economy for the purposes intended and encourage competition in satisfying the City's needs and shall not be unduly restrictive.
 - 1. To the extent practicable and unless otherwise permitted by this section, all specifications shall describe the City's requirements in a manner that does not unnecessarily exclude a specific material, service or construction item.
 - 2. Proprietary or brand name specifications shall not be used unless the Director determines in writing that such specifications are required and demonstrate technological justification and that it is not practicable or advantageous to use a less restrictive specification.
 - 3. To the extent practicable, the City shall use accepted commercial specifications and shall procure standard commercial materials and avoid proprietary specifications whenever practicable.
- B. ***Brand name or approved alternate.*** A brand name or approved alternate specification shall only be used when the Director determines in writing that use of a brand name or approved alternate specification is advantageous to the City and the solicitation provides for the submission of equivalent products. The solicitation document shall state that "the City reserves the right to determine what is considered an equivalent product."
 - 1. A brand name or approved alternate specification shall designate as many different brands as are practicable or approved alternate specifications.

2. A brand name or approved alternate specification shall include a description of the particular design, functional, or performance characteristics that are required, unless the Director determines in writing that the essential characteristics of the brand names designated in the specifications are commonly known.
 3. A solicitation that uses a brand name or approved alternate specification shall explain that the use of a brand name is for the purpose of describing the standard of quality, performance, and characteristics desired and is not intended to limit or restrict competition. The solicitation shall state that products substantially equivalent to those brands designated shall qualify for consideration.
- C. **Qualified products list.** A qualified products list may be prepared and utilized, if the Purchasing Agent determines in writing that testing or examinations of the material or construction items prior to the issuance of the solicitation is desirable or necessary in order to best satisfy the City's requirements. As many potential suppliers as practicable shall be solicited to submit products for testing and examination to determine acceptability for inclusion on a qualified products list. Any potential supplier, even though not solicited, may offer its products for consideration in accordance with the schedule or procedure established for this purpose. The qualified products list shall not be modified after the solicitation is issued.

Section 27.6 *Inspections and Tests*

- A. The inspection or testing of any material to verify specification adherence or qualify for a products list, shall be performed in a manner established on a case by case basis.
- B. If testing is required, the requirements shall be included in the solicitation.
- C. The City reserves the right to require testing or inspection by a recognized testing laboratory or consultant selected by the City.
- D. The cost of testing or inspection shall be borne by the Bidder submitting a bid for the products the City is requesting.

Section 27.7 *Proprietary Specifications*

Proprietary specifications are not justified by past success in performance, the inconvenience of writing specifications, or the desire to maintain a single brand that is not supported by technological justification.

Section 27.8 *Product Testing Guidelines*

City Staff may test materials or services in a manner agreed upon with the material or service supplier provided the following guidelines are applied:

- A. City Staff is not required to test solely for supplier's benefit;
- B. City Staff may not accept materials for testing unless those materials have been purchased through purchasing procedures provided by this Procurement Code Manual;
- C. Any testing shall be at the direction and convenience of City staff;

- D. The City's name may not be used by any person in connection with any advertising sale, or promotion of any product tested by the City staff; and
- E. Any materials testing shall be pursuant to industry standard testing of materials and a written testing agreement shall be in place between the City and the supplier. The Director must be notified of all testing agreements prior to commencement of testing.

Section 27.9 Specifications Prepared by Architects; Engineers; Consultants

All specifications prepared for City contracts shall seek to promote overall economy for the purposes intended and encourage competition in satisfying the City's needs and shall not be unduly restrictive. In the event that suitable specifications cannot be developed by City staff, the Director may retain a specification consultant for the purpose of assisting with the writing of the specifications. The consultant shall be selected pursuant to either Section 7.1, "Informal Procurement Process", or Article 11, "Formal Procurement Process—Request for Proposals".

Section 27.10 Preparation of Specifications by Persons Other than City Personnel

- A. The City may contract for the preparation of specifications with persons other than City personnel including, but not limited to, consultants, architects, engineers, designers, manufacturers, and others.
- B. The requirements of Article 27, "Specifications Guidelines" shall apply to all specifications prepared by vendors, including, but not limited to, those prepared by consultants, architects, engineers, designers, and other draftsmen of specifications for public contracts. Contracts for the preparation of specifications by other than City personnel shall require the specification writer to adhere to such requirements.
- C. The preparer of specifications is not eligible to submit a bid or proposal on the solicitation for which the specification was prepared nor is the preparer eligible to supply any product to a Bidder or Proposer on the solicitation for which the specification was prepared; provided however, the Director may make an exception to this provision when justified by the business practices of the applicable industry or it is otherwise in the best interest of the City. The Purchasing Agent shall place in the solicitation file, a written determination, including all relevant facts in any case where an exception is made.
- D. The terms and conditions of contracts for preparation of specifications shall reference the rule in Subsection C above.

Section 27.11 Recycled and energy consumptive materials; life cycle costing; environmental procurement.

Guidelines shall be established governing the review and approval of specifications for the procurement of selected materials based on considerations of recycling, energy conservation, life cycle costing and other environmental considerations.

Section 27.12 Environmental/Sustainable Procurement Policy

- A. A Sustainable Purchasing Policy, hereinafter referred to as Policy, has been established to ensure the procurement of products and services that reduce the consumption of

resources and the production of waste, minimize adverse health effects and reduce costs to the City.

The principles of the Policy are rooted in resource efficiency, life cycle perspective, and pollution prevention. Resource efficiency incorporates preference to reusable content and recycled materials over virgin materials, as well energy and water conservation. Life cycle perspective considers the environmental impact of a product or service over its lifetime (raw material extraction, manufacturing, packaging, transport, energy consumption, maintenance and disposal). Pollution prevention incorporates processes and practices that prevent the creation of pollution and wastes, rather than managing these after they have been created.

The Policy requires the City to:

1. Strongly promote the purchase and use of materials, products and services that are fiscally responsible, reduce resource consumption and waste, promote local business opportunities, and promote human health and well-being.
 2. Minimize the consumption of non-replaceable natural resources by reviewing current and proposed future usage and evaluating the pros and cons of alternatives.
 3. Maximize the reuse and recycling of materials. Require a minimum 50% post-consumer waste recycled content for paper. Require recyclability of products in compliance with the City's recycling program, reusability, and performance consistent with City standards to the extent practicable.
 4. Use and require contractors and consultants to use products manufactured with maximum practical amount of recovered material, especially post-consumer material.
 5. Stimulate demand for products and services supporting the Policy by letting manufacturers and suppliers know the performance the City expects.
- B. The Sustainability Program staff shall provide support to Purchasing and Division Staff in their efforts to meet the requirements of the Policy.
- C. Procedures and Guidelines may be established as necessary to ensure the continuation of a strong Sustainable Procurement Program.

ARTICLE 28 DISPOSITION OF SURPLUS PERSONAL PROPERTY

A. Surplus Personal Property Disposition

The City Council or designee, may sell, trade, transfer between offices, Divisions or otherwise dispose of surplus personal property pursuant to Article 8, "Contracts", Sections 4, "Transfer and Sale of property Within City Government", and Section 10, "Sale of City Property", number 1 and 3 of the Flagstaff City Charter. Each sale shall be made to the highest responsible Bidder after published notice of the sale in accordance with the following schedule:

1. Informal Process: Personal property having a value of \$500.00 or less may be sold without published notice, but written advice of such sale or disposal shall be given to the City Council.
2. Formal Process: Personal property valued in excess of \$500.00 shall be sold after published notice of the sale for at least once, but not less than five (5) days prior to the published notice. .
 - 2.1 All personal property disposition under a formal process, shall be sold by public on-site auction, public on-line bidding process or through a formal competitive sealed bid sale process.
 - 2.2 Any surplus property shall be sold through a formal competitive sealed bid sale, when it is more advantageous to the City than holding it for public on-site auction or public on-line bidding.
 - 2.3 All formal sealed bid sales shall be conducted in a manner substantially similar to the procedures established in Article 10, "Formal Procurement Process—Invitation For Bids" and shall include a description of the property for sale and all terms and conditions applicable to the sale.
 - 2.4 Public notice of any sealed bid sale shall be published at least once in the official newspaper, not less than five (5) days prior to the opening of the bids.
 - 2.5 Any surplus property sold under this formal competitive sealed bid sale process, shall be sold to the person making the highest responsive, responsible, offer most advantageous to the City.

Property seized during the course of a police investigation shall not be subject to this Procurement Code Manual until such time as any State and Federal laws have been complied with and the property is declared surplus by the Police Department.

B. *Declaration Regarding Surplus Property*

The disposition of all City owned surplus property shall be determined and handled by the City's Central Warehouse. Divisions shall be responsible for property in their possession and as necessary, may declare such property as surplus and shall complete a surplus property form with all required signatures. This form is available on the City of Flagstaff CityNet and shall accompany all items taken to the Warehouse as surplus property and need to reflect whether the item(s) are operational or not, so the information can be given to Bidders.

Section 28.1 *Organizational Need*

Prior to pursuing any method for disposal of surplus property, the Division or end-user shall first determine that it is of no use to any other Division. Divisions shall review inventories of personal property to determine the existence of excess or obsolete items that could be declared surplus property and shall notify the Central Warehouse Manager.

Section 28.2 *Surplus Property Listing*

A listing of surplus property shall be maintained by each Division and such property shall be transferred between Divisions as needed prior to any other disposition method handled by the Central Warehouse. The Central Warehouse shall maintain a surplus property list of all items that are located at the Central Warehouse and scheduled to be sold either through a public on-site auction or public on-line bid sale.

Section 28.3 *Surplus Property Trade-In Allowance*

Prior to trading for credit against a new purchase or service, the Purchasing Agent shall determine the fair market value and document the disposal in the surplus item file with reference to the Purchase Order for the new materials or services.

Section 28.4 *Proceeds From Sales*

All proceeds from the sale of surplus property shall be deposited in an established revenue account of the City determined by the Finance Director.

Section 28.5 *Donation of Surplus Property*

Surplus personal property may be donated to organizations in exchange for services that would benefit the local Flagstaff community, where such value would exceed the revenues generated from a sale through an auction or sealed bid, as determined in writing by the Director. For donations valued in excess of \$50.00, the receiving organization shall execute a receipt or contract according to how the donation will be used. Any donation, exceeding \$500.00 in value, shall be approved by the City Council.

ARTICLE 29 *PROTESTS*

An actual or prospective Bidder or Proposer, who is aggrieved in connection with the solicitation or award of a contract, may protest any aspect of a solicitation prior to award of a contract.

Section 29.1 *Time for Filing Protests*

- A. Protests based upon alleged improprieties in a solicitation that are apparent before the solicitation due date shall be filed not less than five (5) working days before the solicitation due date. Contracts shall be final and no protest pursuant to this section may be filed after award.
- B. In cases other than alleged improprieties in a solicitation, protests shall be filed within ten (10) days after the aggrieved person knows or should have known the facts and circumstances upon which the protest is based. However, in no event, shall the protest be filed later than ten (10) days after issuance of notification of award.

Section 29.2 *Filing of a Protest*

- A. A protest shall be submitted, in writing, to the Director and shall include the following information:
 - 1. The name, address, telephone number and e-mail address of the Protester;

2. The signature of the Protester or its representative;
 3. Identification of the solicitation and contract number;
 4. A detailed statement of the legal and factual grounds of the protest, including copies of relevant documents; and
 5. The form of relief requested.
- B. The Director, without waiving the City's right to dismiss the protest for lack of timeliness, may consider any protest that is not filed timely.
 - C. The Director shall give notice of the protest to the successful vendor if award has been made, or if no award has been made, to all actual or prospective Bidders or Proposers.
 - D. The Director shall review the formal protest and issue a written ruling within fourteen (14) days of receiving the formal protest in accordance with Section 29.1, "Time for Filing Protests", and Section 29.2, "Filing of a Protest". The Director may also give notice of the ruling to any other persons involved in the solicitation whose interests may be affected by the ruling requested from the Director.

Section 29.3 *Stay of Procurements During the Protest*

In the event of a timely protest under Section 29.1, "Time for Filing Protests", the City may proceed further with the solicitation or with the award of the contract unless the Director makes a written determination that there is a reasonable probability that the protest will be sustained or that the stay of procurement is not contrary to the substantial interests of the City.

Section 29.4 *Confidential Information*

- A. Material submitted by a Protester shall not be withheld from an interested party except to the extent that the withholding of information is permitted or required by law or as determined pursuant to Procurement Code Manual provisions for confidential material.
- B. If the Protester believes the protest contains material that should be withheld, a statement advising the Director of this fact shall accompany the protest submission.

Section 29.5 *Remedies*

- A. If the Director sustains the protest in whole or part and determines that a solicitation or proposed contract award does not comply with the procurement statutes and regulations, the Director shall implement an appropriate remedy.
- B. In determining an appropriate remedy, the Director shall consider all the circumstances surrounding the procurement or proposed procurement including, but not limited to, the seriousness of the procurement deficiency, the degree of prejudice to other interested parties or to the integrity of the procurement process, the good faith of the parties, costs to the City, the urgency of the procurement and the effect of the relief.
- C. An appropriate remedy may include one or more of the following:

1. Reissue the solicitation and award a contract consistent with this Procurement Code Manual; or
2. Such other relief as is determined necessary to ensure compliance with the City Charter, City ordinances and/or this procurement Code Manual.

ARTICLE 30 **SUSPENSION, DEBARMENT**

- A. The Director may suspend or debar any person from consideration for award of a contract pursuant to this Procurement Code Manual. Suspension of any person shall not exceed six (6) months. A debarment shall not exceed three (3) years.
- B. The causes for suspension or debarment may include, but are not limited to, the following:
 1. Conviction of any person or any subsidiary or affiliate of any person for commission of a criminal offense arising out of obtaining or attempting to obtain a public or private contract or subcontract, or in the performance of such contract or subcontract.
 2. Conviction of any person or any subsidiary or affiliate of any person under any statute of the Federal Government, this State or any other state for embezzlement, theft, fraudulent schemes and artifices, fraudulent schemes and practices, bid rigging, perjury, forgery, bribery, falsification or destruction of records, receiving stolen property or any other offense indicating a lack of business integrity or business honesty which affects responsibility as a City contractor.
 3. Conviction or civil judgment finding a violation by any person or any subsidiary or affiliate of any person under state or federal antitrust statutes.
 4. Violations of contract provisions of a character which are deemed to be so serious as to justify debarment action, such as either of the following:
 - a. Knowingly failing without good cause to perform in accordance with the specifications or within the time limit provided in the contract.
 - b. Failure to perform or unsatisfactory performance in accordance with the terms of a contract, except that failure to perform or unsatisfactory performance caused by acts beyond the control of the contractor shall not be considered to be a basis for debarment.
 5. Any other cause deemed to affect responsibility as a City contractor, including suspension or debarment of such person or any subsidiary or affiliate of such person by another governmental entity for any cause listed in the established rules.
- C. Before imposing a suspension or debarment, the Director shall give the affected party written notice of the grounds for suspension or debarment and shall afford such person an opportunity for hearing.

Section 30.1 *Resolution of Contract Controversies - Materials, Services and Construction Contracts*

- A. The Purchasing Agent and the end-user shall have the authority and responsibility to enforce all performance and terms under all contracts where they are named as Administrator.
- B. If any issue regarding performance under the contract cannot be resolved by mutual agreement between the Purchasing Agent/end-user and the Vendor/Contractor shall, through the City Attorney's Office, pursue resolution as provided in the terms of the original contract or under applicable law. The Purchasing Agent shall prepare a written decision informing the vendor of the required performance.
 - 1. Final written decision shall include:
 - a. A description of the controversy;
 - b. A reference to the pertinent contract provision;
 - c. A statement of the factual areas of agreement or disagreement;
 - d. A statement of the decision, with supporting rationale; and
 - e. Instructions for appeal

After preparation of the decision, the Contract Administrator shall send the decision to the Director who shall deliver the decision to the Vendor/Contractor by certified mail, return receipt requested, or by any other method that provides evidence of receipt.

- C. If the Vendor/Contractor fails to comply with all terms of the notice of final decision, the Vendor/Contractor may be declared in default and the contract may be terminated based upon the review and procurement/legal opinion from the Director and City Attorney's Office.

The Vendor/Contractor may be suspended or debarred under the provision of Article 31, "Suspension, Debarment". The Director may render a decision for the suspension and debarment of the Vendor/Contractor if violations of contract provisions of a character which are deemed to be so serious as to justify debarment action, such as either of the following:

- a. Knowingly failing without good cause to perform in accordance with the specifications/scope of work or within the time limit provided in the contract.
- b. Failure to perform or unsatisfactory performance in accordance with the terms of a contract, except that failure to perform or unsatisfactory performance caused by acts beyond the control of the Vendor/Contractor shall not be considered to be a basis for debarment.

ARTICLE 31 **ARIZONA CERTIFIED NON-PROFIT BUSINESSES THAT SERVE OR EMPLOY INDIVIDUALS WITH DISABILITIES**

- A. The City may purchase or contract for any products, materials, and services directly from Arizona Certified non-profit agencies that serve or employ individuals with disabilities without competitive bidding if the delivery and quality of the products, materials, or services meet the City's reasonable requirements, as determined by the Director and the requesting department.
- B. The City may set aside, at minimum, a percentage of its purchases or contracts for any products, materials and services directly from Arizona certified non-profit agencies that serve or employ individuals with disabilities without competitive bidding if the delivery and quality of the products, materials, or services meet the City's reasonable requirements, as determined by the Director and the requesting department.

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To: The Honorable Mayor and Council
From: Rick Tadder, Management Services Director
Co-Submitter: Sandy Corder, Revenue Director
Date: 09/19/2017
Meeting Date: 09/26/2017



TITLE

Discussion related to possibly amending the Investment Policy to further pursue socially responsible investing.

STAFF RECOMMENDED ACTION:

Council Direction

EXECUTIVE SUMMARY:

On April 4, 2017, Councilmember Putzova presented a Future Agenda Item Request (F.A.I.R.) to have a discussion related to amending the City's Investment Policy, specifically to further pursue socially responsible investing and to state what we seek to invest in.

Councilmember Putzova will be seeking agreement from at least three additional Councilmembers to further the discussion on this request.

INFORMATION:

Councilmember Putzova provided staff with recommended amendments to the Investment Policy. Below is a summary of recommended changes noted in **bold/underline** text:

1.0 Policy

It is the policy of the City of Flagstaff to invest public funds in a manner which will provide the highest reasonable investment return with the maximum security **by integrating fiscal responsibility, social equity, and community and environmental stewardship** while meeting the daily cash flow demands of the entity and conforming to all applicable state and local statutes governing the investment of public funds.

4.0 Objective

The primary objectives, in priority order, of the City of Flagstaff's investment activities shall be safety of principal, liquidity, **social responsibility** and yield.

4.1 Investment Objectives

3. Social Responsibility

The City of Flagstaff investment portfolio shall prioritize sustainable, responsible and impact investing (SRI) as an investment discipline that considers environmental, social and corporate governance (ESG) criteria to generate long-term competitive financial returns and positive societal impact.

9.1 Authorized Investments

1. Obligations of the United States or its agencies and instrumentalities;
2. Obligations of the State of Arizona, or any of its counties, incorporated cities or towns, or school districts;
3. Fully insured or collateralized certificates of deposit issued by a nationally or state chartered bank or savings institution;
4. Negotiable or brokered certificates of deposit issued by a nationally or state chartered bank or savings and loan association that are rated within the top three ratings by a nationally recognized rating agency;
5. Interest bearing savings account deposits at banks and savings institutions doing business within Arizona whose accounts are insured by the Federal Deposit Insurance Corporation (FDIC);
6. Banker's Acceptances eligible as collateral for borrowing from the Federal Reserve, of U.S. banks whose short-term obligations are rated Aa or better by two nationally recognized rating agencies;
7. Repurchase agreements, with a maximum maturity of 180 days, whose underlying collateral consist of securities in section 9.1.1 of this policy and executed with an Arizona bank or primary dealer;
8. Commercial paper rated A-1/P-1/F1 or the equivalent by two nationally recognized rating firms;
9. Corporate **SRI** bonds, debentures, and notes rated within the top three ratings by two nationally recognized rating firms;
10. SEC registered money market funds whose portfolios are limited to the foregoing authorized securities;
11. The State of Arizona's Local Government Investment Pool (LGIP); and
12. ~~Companies that are not in the practice of extracting fossil fuels.~~ **SRI assets.**

Attachments: Investment Policy



City of Flagstaff, Arizona Investment Policy

Revised January 31, 2017

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1.0 Policy

It is the policy of the City of Flagstaff to invest public funds in a manner which will provide the highest reasonable investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all applicable state and local statutes governing the investment of public funds.

2.0 Scope

This investment policy applies to all financial assets and funds held by the City of Flagstaff. These funds are accounted for in the City's Comprehensive Annual Financial Report (CAFR) and include:

2.1 Funds

1. General Funds
2. Special Revenue Funds
3. Capital Project Funds
4. Enterprise Funds
5. Debt Service Funds
6. Internal Service Funds
7. Trust and Agency Funds
8. Permanent Funds
9. Any new funds created by the City, unless specifically exempted

3.0 Prudence

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The standard of prudence to be used by investment officials shall be the "prudent person" and/or "prudent investor" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectation are reported in a timely fashion and appropriate action is taken to control adverse developments.

4.0 Objective

The primary objectives, in priority order, of the City of Flagstaff's investment activities shall be safety of principal, liquidity, and yield. These objectives are defined below.

4.1 Investment Objectives

1. Safety of Principal

Safety of principal is the foremost objective of the investment program. Investments of the City of Flagstaff shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

To attain the City's objectives, diversification is required in the portfolio composition. Diversification of the portfolio will include diversification by maturity and market sector and by broker/dealers. Competitive bidding will be used on each sale and purchase.

2. Liquidity

The City of Flagstaff's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements, which might be reasonably anticipated.

3. Yield

The City of Flagstaff's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio.

5.0 **Delegation of Authority**

Authority to manage the City of Flagstaff's investment program is derived from the City Charter, and from City Ordinances and Resolutions. The Management Services Director is designated the Investment Officer of the City and is responsible for investment decisions and activities. The Revenue Director is designated as the Deputy Investment Officer. Investment advisors contracted by the City serve as Designated Investment Officers. All designated officers will comply with provisions of the policy.

6.0 **Investment Procedures**

The Management Services Director shall establish written administrative investment policy procedures for the operation of the investment program consistent with this policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Management Services Director.

7.0 Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the City Manager any material financial interests in financial institutions that conduct business within their jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City of Flagstaff.

8.0 Authorized Financial Dealers and Institutions

The City of Flagstaff will maintain a list of financial institutions authorized to provide investment services. In addition, a list will be maintained for approved security broker/dealers selected by credit worthiness that are authorized to provide investment services in the State of Arizona. These may include “primary” dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15c3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by state laws. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the City with the following:

8.1 Qualified Bidder Requirements

1. Most recent annual audited financial statements;
2. Proof of State of Arizona registration;
3. Proof of National Association of Security Dealers certification;
4. Completed broker/dealer questionnaire; and
5. Trading resolution.

An annual review of the financial condition and registrations of qualified bidders will be conducted by the City. A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the City invests.

If the City utilizes an investment advisor, the advisor may be granted discretion to execute transactions utilizing their own list of approved broker/dealers.

9.0 Authorized and Suitable Investments

The City of Flagstaff may invest in the following types of securities.

9.1 Authorized Investments

1. Obligations of the United States or its agencies and instrumentalities;
2. Obligations of the State of Arizona, or any of its counties, incorporated cities or towns, or school districts;

3. Fully insured or collateralized certificates of deposit issued by a nationally or state chartered bank or savings institution;
4. Negotiable or brokered certificates of deposit issued by a nationally or state chartered bank or savings and loan association that are rated within the top three ratings by a nationally recognized rating agency;
5. Interest bearing savings account deposits at banks and savings institutions doing business within Arizona whose accounts are insured by the Federal Deposit Insurance Corporation (FDIC);
6. Banker's Acceptances eligible as collateral for borrowing from the Federal Reserve, of U.S. banks whose short-term obligations are rated Aa or better by two nationally recognized rating agencies;
7. Repurchase agreements, with a maximum maturity of 180 days, whose underlying collateral consist of securities in section 9.1.1 of this policy and executed with an Arizona bank or primary dealer;
8. Commercial paper rated A-1/P-1/F1 or the equivalent by two nationally recognized rating firms;
9. Corporate bonds, debentures, and notes rated within the top three ratings by two nationally recognized rating firms;
10. SEC registered money market funds whose portfolios are limited to the foregoing authorized securities;
11. The State of Arizona's Local Government Investment Pool (LGIP); and
12. Companies that are not in the practice of extracting fossil fuels.

9.2 Competitive Bidding Requirement

All securities, including certificates of deposit, will be purchased or sold after a minimum of two (2) offers/bids are taken to verify that the City is receiving a fair market value/price for the investment.

9.3 Master Repurchase Agreement

If repurchase agreements are legal and authorized by policy, a Master Repurchase Agreement must be signed with the bank or dealer.

10.0 Investment Pools

A thorough investigation of the pool is required prior to investing, and on a continual basis. There shall be a questionnaire developed which will answer the following general questions:

10.1 Investment Pool Questions

1. A description of eligible investment securities, and a written statement of investment policy and objectives.
2. A description of interest calculations and how it is distributed, and how gains and losses are treated.

3. A description of how the securities are safeguarded (including in the settlement processes), and how often the securities are priced and the program audited.
4. A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
5. A schedule for receiving statements and portfolio listings.
6. A description of how the reserves, retained earnings, etc. are utilized by the pool
7. A fee schedule, and when and how is it assessed.
8. A description of whether the pool is eligible for bond proceeds and/or if it will accept such proceeds

11.0 Collateralization

Collateralization will be required on two types of investments: certificates of deposit and repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102% of the market value of principal and accrued interest.

The City of Flagstaff chooses to limit collateral to the following: treasuries and agency notes. Collateral will always be held by an independent third party with whom the City has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City and retained. The right of collateral substitution is granted.

12.0 Safekeeping and Custody

All security transactions, including collateral for repurchase agreements, entered into by the City of Flagstaff shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian designated by the City and evidenced by safekeeping receipts. Safekeeping receipts should list the specific instrument, rate, maturity, and other pertinent information.

13.0 Diversification

The City of Flagstaff will diversify its investments by security type and institution. Following is a list of diversification limitations:

13.1 Diversification Limitations

	Max % of Portfolio
1. U.S. Treasury, Agency, and Instrumentality Obligations	100%
With one agency	100%

2.	State of Arizona State, County, City or Town, or School District Obligations	50%
	With one entity	10%
3.	Certificates of Deposit	25%
	With one financial institution	Fully Amortized \$250,000
4.	Negotiable Certificates of Deposit	25%
	With any one issuer	10%
5.	Interest Bearing Savings Account Deposits	50%
6.	Banker's Acceptances	20%
7.	Repurchase Agreements	50%
	With one counter-party	20%
8.	Commercial Paper	20%
	With one issuer	5%
9.	Corporate Bonds	10%
	With one issuer	5%
10.	Money Market Funds	25%
11.	Local Government Investment Pool (LGIP)	100%

14.0 Maximum Maturities

To the extent possible, the City of Flagstaff will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than five (5) years from the date of purchase.

15.0 Internal Controls

The City of Flagstaff shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures. The controls shall be designed to prevent loss of public funds due to fraud, employee error, misrepresentation by third parties, unanticipated market changes or imprudent actions of employees of the City or investment counterparties.

16.0 Performance Standards

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

17.0 Market Yield (Benchmark)

The City of Flagstaff is not in the investment business as a primary means of earning revenue and has a passive investment strategy. An appropriate benchmark shall be established against which portfolio performance shall be compared on a regular basis. The benchmark shall be reflective of the actual securities being purchased and risks

undertaken and the benchmarks shall have a similar weighted average maturity as the portfolio.

18.0 Reporting

The Management Services Director or designee shall provide the City Council annual investment reports, following the fourth quarter reporting, which provide a clear picture of the status of the current investment portfolio. The management report should include comments on the fixed income markets and economic conditions, discussions regarding restrictions on percentage of investment by categories, possible changes in the portfolio structure going forward and thoughts on investment strategies. Schedules in the annual report should include the following:

18.1 Report Schedules

1. Average life and final maturity of all investments listed;
2. Coupon, discount, or earnings rate;
3. Par value, amortized book value, and market value;
4. Percentage of the portfolio represented by each investment category.

19.0 Investment Policy Adoption

As with all the City of Flagstaff financial policies, the investment policy is considered an administrative policy and adoption by the City Council is not required. The policy shall be reviewed annually by the Management Services Director and designated Investment Officer. Any modifications made thereto must be approved by the Management Services Director.

20.0 Glossary

ACCRUE: To recognize revenues when earned and to recognize expenditures as soon as they result in liabilities for benefits received.

AGENCIES: Federal agency securities and/or Government-sponsored enterprises.

ASKED: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BASIS POINT: A basis point equals one one-hundredth of 1% (0.01%).

BENCHMARK: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BID: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

BROKER: A broker brings buyers and sellers together for a commission.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a Certificate. Large-denomination CD's are typically negotiable.

CITY: City of Flagstaff, Arizona.

COLLATERAL: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report for the City of Flagstaff. It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

COMMERCIAL PAPER (CP): An unsecured promissory note with a fixed maturity no longer than 270 days issued by banks, corporations, public entities, and finance companies. Public offerings are exempt from SEC regulation.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DERIVATIVES: (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, *e.g.*, U.S. Treasury Bills.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, *e.g.*, S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$250,000 per deposit.

FEDERAL FUNDS: Funds placed in Federal Reserve Banks by depository institutions in excess of current reserve requirements, and frequently loaned or borrowed on an overnight basis between depository institutions.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FmHA mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MAXIMUM MATURITY: The longest acceptable time to maturity that any one security in the portfolio may have at the time of purchase.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

OFFER: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PORTFOLIO: Collection of securities held by an investor.

PRIME RATE: The rate which banks lend to their best or "prime" customers. Also known as the "reference rate."

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state—the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

REPURCHASE AGREEMENT (RP OR REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security “buyer” in effect lends the “seller” money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing a RP, it is lending money that is increasing bank reserves.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank’s vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEC RULE 15C3-1: See Uniform Net Capital Rule.

STATE: State of Arizona

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BONDS: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

YIELD: The rate of annual income return on an investment, expressed as a percentage. (a) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD** or **YIELD TO MATURITY** is the current income yield minus

any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

WEIGHTED AVERAGE MATURITY: The weighted average time until all securities in a portfolio mature.

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To: The Honorable Mayor and Council
From: Brandi Suda, Finance Director
Co-Submitter: Rick Tadder
Date: 09/15/2017
Meeting Date: 09/26/2017



TITLE

Discussion on banking service procurement policy considerations.

STAFF RECOMMENDED ACTION:

Receive Council direction and feedback on the key policy considerations we should include in the evaluation when procuring banking services for the City.

EXECUTIVE SUMMARY:

The City needs to procure a new banking services contract as the contract with Wells Fargo is expired. City staff is seeking Council's direction and feedback on policy considerations desired as part of the procurement evaluation. These policy considerations could include sustainability, community investment, local lending, local branch offices, social responsibility as well as many others, to the extent feasible.

INFORMATION:

The last formal Request For Proposal (RFP) was completed in 2001. Wells Fargo was awarded the contract. The City has been banking with Wells Fargo for over 20 years, and their contract has expired. Wells Fargo has continued to honor our contract with them. Banking fees with Wells Fargo over the past three years have ranged from \$45,000 to \$54,000 annually, net of the earnings allowance. An earnings allowance is a credit based on cash balances that offset the monthly charges.

The City needs a vendor for bank services that has the infrastructure and resources to ensure the security of the city financial assets, transactions and information, as well as maintains 102% collateralization of City deposits. The City also needs a full service bank with governmental expertise. It is critical that the City can quickly and efficiently pay our employees and vendors. We need to ensure timely and accurate deposits of City funds, the ability to accept numerous tenders, and provide a number of payment options to our customers. These services are critical to City staff in order to perform job duties effectively and efficiently.

The following PowerPoint presentation provides an overview of City banking services and needs followed by a Council discussion on key policy considerations surrounding banking services procurement. City staff will be using Council direction and feedback as well as the City procurement policies to determine the most appropriate procurement method for securing a banking services contract. Staff will work on the procurement over the next several months and plan to have a contract in place by the spring of 2018.

Attachments: [Banking Services Presentation](#)



Banking Service Procurement Discussion

September 26, 2017



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Banking Service Procurement

Purpose:

- Seeking Council direction and feedback on policy considerations



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Bank Service Procurement- Possible Policy Considerations

- Sustainability
- Community Investment/Local lending
- Local branches
- Other qualities?
 - Social Responsibility? – Need to define.



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Banking Service Procurement

History

- 20+ years with Wells Fargo
- Last RFP was in 2001
- Contract is expired but Wells Fargo is still honoring our agreement
- Staff has a very good working banking relationship with Wells Fargo



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Banking Service Procurement

Bank Fees over the past years:

- FY2015: \$51,745
- FY2016: \$54,129
- FY2017: \$45,886



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Banking Service Procurement

Example of volume of banking activity August 2017

- Wires, Deposits and incoming Automated Clearing House (ACH) Deposits: \$9.9 Million
- Credit card deposit: \$4.0 Million
- Electronic Fund Transfers (EFT)/outgoing ACH/checks paid: \$19.1 Million



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Banking Services – Focus



Focus: Security of City financial assets

- Security of City transactions, information & accounts balances
- Collateralized at 102% of City cash balances



Focus: Customer service

- Need a full service bank
- Governmental expertise
- Quick & efficient payment options to employees and vendors
- Timely & accurate deposits
 - Ability to accept multiple tenders/payment options



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Banking Services – Service Expectations

Examples of services needed:

- Positive pay (Check fraud)
- Electronic checks deposit
- Payroll direct deposit & pay cards
- ACH collections and payments
- ACH vendor preapproval
- Local Deposits/Branches



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What policy considerations should be included in the evaluation of the bank service contract?

- Sustainability
- Community Investment
- Local lending
- Other qualities?
 - Social Responsibility? – Need to define.



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Next Steps:

Options for Procurement:

- Formal RFP
- Cooperative Agreement
- Written quotes

Timeframe for new contract: Spring 2018



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